



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

March 29, 2004

### Community Reinvestment Act Performance Evaluation

Union Planters Bank, National Association  
Charter Number: 13349

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Memphis, Tennessee 38018

Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated Satisfactory.

The following table indicates the performance level of Union Planters Bank, National Association (UPBNA) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Union Planters Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank has made a good response to credit needs in its assessment areas, taking into account the number and amount of home mortgage, small business and small farm loans in its assessment areas.
- The bank has an overall good distribution of loans among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans throughout the bank's assessment areas is good.
- The overall level of qualified investments is adequate. There are high levels of qualified investments in Indiana and Tennessee.
- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment areas. To the extent that changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

UPBNA is an interstate bank with headquarters located in Memphis, Tennessee. The bank has total assets of approximately \$31.6 billion and operates over 700 branches in 12 states (Alabama, Arkansas, Florida, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, Tennessee and Texas). These states and two multi-state MSAs along with the specific assessment area descriptions are listed in the Appendix of this evaluation. UPBNA is a subsidiary of the Union Planters Corporation (UPC), also of Memphis. UPC had total assets of \$31.9 billion at December 31, 2003. It is the largest bank holding company headquartered in Tennessee and among the 30 largest bank holding companies based in the United States. This evaluation did not consider data from any other UPC subsidiary.

UPBNA offers a full range of credit and deposit services throughout the 12 states of its operations. As of 12/31/2003, UPBNA had net loans of \$22 billion. This represents about 97% of total deposits. The bank's loan portfolio consists primarily of loans secured by real estate (60%). The portfolio also consists of commercial loans (18%), foreign office loans (10%), loans to individuals (not secured by RE) (7%), and agricultural loans (1%). The bank's Tier I capital was \$2.4 billion. The bank's strategy is to offer competitive retail and commercial products throughout its corporate structure.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of its communities. UPC completed only one acquisition in 2001 and none in 2002 or 2003. Therefore, unlike previous periods, mergers and acquisitions have had little impact on the bank's operations during this evaluation period.

The last CRA PE was dated December 31, 1999. The bank was rated Satisfactory at that examination.



# **Scope of the Evaluation**

## **Evaluation Period/Products Evaluated**

This evaluation covers UPBNA's HMDA-reportable home purchase loans and refinance loans and small loans to businesses for the calendar years 2000, 2001 and 2002. Community Development (CD) lending, investments, and services were evaluated for the same time periods. Only UPBNA loans are considered in this evaluation; no affiliated company products were added to bank data. Home improvement loans, small farm loans and multifamily loans were not a significant percentage of the bank's loan portfolio.

## **Data Integrity**

Prior to this CRA examination, OCC personnel performed a review to determine the accuracy of lending-related data supplied by UPBNA. That review found the data reliable, as no significant inaccuracies were revealed. As a result, publicly reported lending data may also be considered accurate.

## **Selection of Areas for Full-Scope Review**

Every multistate metropolitan area in which the bank has branches in more than one state received a full-scope review. In each state where the bank has an office, a sample of assessment areas (AAs) within that state were selected for full-scope reviews. Generally the largest MSA in each state was selected. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected.

## **Ratings**

The bank's overall rating is a blend of the multistate metropolitan area ratings and state ratings. The state ratings are a consolidation of the conclusions from each of the AAs. These AAs are blended into the state rating on a proportional basis to its percentage of deposits within that state. The states are similarly combined into the overall charter rating proportional to the percentage of total bank deposits. All AAs are considered in the state and multistate MSA ratings.

In the Lending Test evaluation, we used different weighting criteria to consider the various loan and product types. The evaluation considered two of the three HMDA loan types and small loans to business by their relative proportions on UPBNA's 12/31/2003 Call Report. Home improvement loans, small farm loans and multifamily loans were not a significant percentage of the bank's loan portfolio and were not analyzed in the evaluation. Total HMDA loans were given a slightly higher consideration than the small loans to businesses and farms. Geographic and borrower distributions were given equal consideration in the Lending Test evaluation.

As noted in the state and multistate MSA conclusions, the primary focus of this evaluation is performance to low and moderate-income people and areas. Higher

performance is generally noted in lending evaluations when the loan percentages are near or exceed the demographic comparators. Context, innovation, and complexity of lending are also factored into the ratings and conclusions. Bank performance in lending to low-income people is not necessarily expected to match the performance of moderate-income people to achieve the same analysis conclusion. Many of the low-income people and families are at the lower end of this statistical scale and are below the poverty level. Due to their very low-income status, it is very difficult for these individuals/families to qualify for a housing loan. Accordingly, our analysis considers the difficulties in lending to low-income borrowers as a performance context consideration in all HMDA applications. The conclusions stated throughout this Performance Evaluation concerning low-income people always include this performance context issue.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Multistate Metropolitan Area Rating

### Memphis, TN-AR-MS MSA

**CRA Rating for Memphis, TN-AR-MS MSA:** Satisfactory

**The lending test is rated:** High Satisfactory

**The investment test is rated:** Low Satisfactory

**The service test is rated:** Low Satisfactory

#### Lending Test

- Good responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small business in its assessment area (AA).
- A good geographic distribution of loans in its AA.
- A good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s) and low-income individuals, and an excellent record of serving businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- A good level of community development loans that addressed identified needs in the AA.

#### Investment Test

- An adequate level of qualified investments.
- Good responsiveness to community development needs.

#### Service Test

- Service delivery systems are reasonably accessible to its AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- Services do not inconvenience portions of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- A good level of community development services.

### Description of Institution's Operations in Memphis MSA

Refer to the market profiles for the Memphis, TN-AR-MS MSA in Appendix C for detailed demographics and other performance context information.

UPBNA has 49 branch offices in the Memphis MSA. This AA represents 12% of the bank's total deposits as of June 30, 2002. UPBNA was the 3<sup>rd</sup> largest financial

institution in the MSA based on the June 30, 2002, FDIC Summary of Deposits with a market share of 14%.

## **LENDING TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the lending test in the Memphis MSA is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Memphis MSA is good.

### **Lending Activity**

Refer to Table 1 Lending Volume in the Memphis MSA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in its assessment area (AA), taking into account the number and amount of home mortgage and small business loans originated in its AA. At June 30, 2002, the bank ranked 3<sup>rd</sup> with a 14% market share of deposits among 94 FDIC reporting financial institutions in the AA.

The bank ranked 4th among 467 HMDA reporters with a 5% overall market share of home mortgage loans; a 4% market share of home purchase loans, and a 5% market share of refinance loans. The bank ranked 6th with a 4% market share of loans originated in low-income geographies. The bank ranked 2nd with a 4% market share of loans originated in moderate-income geographies. The bank ranked 1st with a 5% market share of loans to low-income borrowers. The bank ranked 3rd with a 5% market share of loans to moderate-income borrowers.

The bank ranked 15th among 97 CRA reporters with a 2% market share in loans to businesses. The bank ranked 15 with a 1% market share of loans originated in low-income geographies. The bank ranked 10th with a 2% market share of loans originated in moderate-income geographies. The bank ranked 9th with a 3% market share of loans to businesses with less than \$1 million gross annual revenues.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was good. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was adequate. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A majority of its loans were made in its AAs.

We considered the following factors in evaluating the bank's performance in lending in low- and moderate-income geographies. Approximately 48% of families living in low-income tracts have incomes below the poverty level while 23% of families living in

moderate-income tracts have incomes below the poverty level. Families with these income levels have difficulty qualifying for loans.

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the Memphis MSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was adequate. The bank's percent of home purchase loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income and moderate-income geographies exceeded the bank's market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of loans in low-income geographies was lower than the bank's overall market share of refinance loans. The bank's market share of loans in moderate-income geographies was somewhat lower than the bank's overall market share of refinance loans.

### **Small Loans to Businesses**

Refer to Table 6 in the Memphis MSA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was good. The percent of small loans to businesses in low-income geographies was lower than the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies was near the percent of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was somewhat lower than its overall market share of loans. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

## **Lending Gap Analysis**

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

## **Inside/Outside Ratio**

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

This analysis was performed on the entire bank rather than by AA.

## **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A high percentage of small loans to businesses were for amounts less than \$100 thousand.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers. Over 61% of low income families in the assessment area have income levels below the poverty level. This extremely low-income level makes it difficult to qualify for loans.

## **Home Mortgage Loans**

Refer to Tables 8, 9 and 10 in Memphis MSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

## **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of moderate-income borrowers was somewhat lower than the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near its overall market share of loans.

## **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income and moderate-income borrowers was near to its overall market share of loans.

## **Small Loans to Businesses**

Refer to Table 11 in the Memphis MSA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A high percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

The bank had a good level of community development loans. Twelve loans totaling over \$2.1 million were for affordable housing, four loans totaling approximately \$5.8 million were to qualified community service organizations and five loans totaling over \$10 million were to revitalize or stabilize the area. This had a positive impact on lending performance because the bank addressed identified needs in the area. Refer to the Market Profile section for details on needs and opportunities.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers. This product permits a minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 that permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the investment test in the Memphis MSA is rated Low Satisfactory. Based on a full-scope review, the bank's performance is adequate.

Refer to Table 14 in the Memphis MSA section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank had an adequate level of qualified investments in the AA. The bank showed good responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities.

The bank purchased one debt security for \$1 million, five equity securities for \$450 thousand, six tax credits for \$731 thousand, and made 93 contributions totaling \$1.037 million to community service and community development organizations. These organizations provided direct support, services and activities that impact low- and moderate-income geographies and low- and moderate-income individuals in the AA. As a result these qualified investments meet the definitions for community development.

There were also 19 qualified prior period investments totaling \$2.4 million primarily in qualified mortgage backed securities.

The bank made no use of innovative or complex qualified investments. The investments were routinely made by others.

The bank exhibited good responsiveness to credit and community development needs. The bank made investments that support needs identified and discussed in the profile found in Appendix C for the Memphis MSA AA.

## **SERVICE TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the service test in the Memphis MSA is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Memphis MSA AA is adequate.

### **Retail Banking Services**

Refer to Table 15 in the Memphis MSA section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.



Service delivery systems are reasonably accessible to its AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. The percentage of branches in low- income tracts is lower than the percent of population living in low-income tracts while the percentage of branches in moderate-income tracts is somewhat lower than the percentage of population living in moderate-income tracts. The distribution of ATMs in low- income and moderate-income geographies is somewhat lower than the population living in each classification.

To the extent changes have been made, its opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. An additional branch was added in moderate-income tracts.

The bank's services do not inconvenience portions of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

### **Community Development Services**

The bank has provided a good level of community development services. Officers and staff contributed services to 17 community development organizations in the AA during the evaluation period. They were responsive to needs identified and discussed in the profile found in Appendix C for the Memphis MSA AA. The services consistently addressed community development needs such as technical assistance for organizations providing community development, housing and financial services to low- and moderate-income areas or individuals.

## **Multistate Metropolitan Area Rating**

### **St. Louis, Missouri-Illinois**

**CRA rating for the St. Louis, MO-IL multistate metropolitan area:** Satisfactory

**The lending test is rated:** High Satisfactory

**The investment test is rated:** Low Satisfactory

**The service test is rated:** Low Satisfactory

#### Lending Test

- An adequate geographic distribution of loans in its assessment area (AA).
- A good distribution of loans among individuals of different income levels and businesses of different sizes.
- An adequate level of community development loans.

#### Investment Test

- An adequate level of community development investments.
- An adequate responsiveness to community development needs.

#### Service Test

- Service delivery systems that are reasonably accessible to its AA.
- A good level community development services.

### **Description of Institution's Operations in St. Louis MSA**

Refer to the market profiles for the St. Louis MSA in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

UPBNA has over \$3.2 billion of bank deposits. This area represents 14% of the bank's total deposits as of June 30, 2002. The St. Louis MSA has 80 branches. UPBNA is the 4<sup>TH</sup> largest financial institution in the MSA based on the FDIC Summary of Deposits with 8.4% deposit market share.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in St. Louis MSA is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the St. Louis MSA is adequate.

## **Lending Activity**

Refer to Tables 1 Lending Volume in the St. Louis MSA section of appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in the assessment area (AA), taking into account the number and amount of home mortgage, refinanced and small business loans originated in its AA. At June 30, 2002, the bank ranked 4<sup>th</sup> with 8.44% market share of deposits among 100 financial institutions in the AA.

The bank ranked 21 among 639 HMDA reporters with a 1.02% overall market share of home mortgage loans; a 1.04% market share of home purchase loans and a 1.00% market share of refinance loans. The bank ranked 47<sup>th</sup> with a .61% market share of loans originated in low-income geographies. The bank ranked 29<sup>th</sup> with a .91% market share of loans originated in moderate-income geographies. The bank ranked 22<sup>nd</sup> with 1.07% market share of loans to low-income borrowers. The bank ranked 20<sup>th</sup> with a 1.22% market share of loans to moderate-income borrowers.

The bank ranked 16<sup>th</sup> among 169 CRA Reporters with a 1.28% market share in loans to businesses. The bank ranked 11<sup>th</sup> with a 2.50% market share of loans to businesses with revenues of \$1 million or less.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A substantial majority of the bank's loans were made in its AA.

## **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

## **Home Purchase Loans**

The geographic distribution of *home purchase* loans in the AA was adequate. The bank's percent of home purchase loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was somewhat lower than the bank's overall market share of home purchase loans. The bank's market share of

home purchase loans in moderate-income geographies was near to the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance loans in moderate-income geographies is somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in low-income geographies was lower than the bank's overall market share of refinance loans. The bank's market share of refinanced loans in moderate-income geographies was near to the bank's overall market share of refinance loans.

### **Small Loans to Businesses**

Refer to Table 6 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was good. The percentage of small loans to businesses in low-income geographies was somewhat lower than the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies was near to the percentage of businesses located in moderate-income geographies. The bank's market share of loans in the low- and moderate-income geographies exceeded its overall market share of loans.

### **Lending Gap Analysis**

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### **Inside/Outside Ratio**

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The

distribution of small loans to businesses was excellent. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

### **Home Mortgage Loans**

Refer to Tables 8, 9 and 10 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of *home purchase* loans by the income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers is somewhat lower than its overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by the income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers is near to its overall market share of loans.

### **Small Loans to Businesses**

Refer to Table 11 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A substantial majority of the bank's loans to businesses were for amounts less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the St. Louis MSA section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD

loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank had an adequate level of community development loans. During the evaluation period the bank made five qualified community development loans, totaling \$12.2 million, in the St. Louis MSA. One of the loans totaling \$60 thousand was affordable housing, two loans totaling \$505 thousand were to qualified community service organizations, and two loans totaling \$11.6 million were to revitalize or stabilize the area.

## **Product Innovation and Flexibility**

UPBNA's use of flexible loan programs positively impacted its Lending Test performance. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers and permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from the borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in the St. Louis MSA is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the St. Louis MSA was adequate.

Refer to Table 14 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified investments in the AA. The bank made 25 contributions totaling \$120 thousand to community development organizations that provide direct support services and activities that impact low- and moderate-income geographies and individuals in the AA. The bank made 6 equity investments to foster affordable housing totaling \$1.1 million. There were 23 qualified prior period investments totaling \$3.5 million. The bank has exhibited an adequate responsiveness to community development needs. The bank's investments support needs identified and discussed in the profile in Appendix C for the St. Louis MSA.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in the St. Louis MSA was rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the St. Louis MSA is adequate.

### **Retail Banking Services**

Refer to Table 15 in the St. Louis MSA section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Service delivery systems are accessible to its AA. There are no UPBNA branches and only one ATM in low-income geographies. The percentage of branches and ATMs in moderate-income tracts is lower than the percentage of the population living in moderate-income tracts.

To the extent changes have been made, its opening and closing of branches had not improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

### **Community Development Services**

UPBNA performance in providing community development services in the St. Louis MSA was good. Officers and staff contributed services to 17 community groups during the review period. They were responsive to needs identified and discussed in the profile found in Appendix C of the St. Louis MSA AA. The services consistently addressed community development needs such as technical assistance for organizations providing community development, housing and financial services to low- and moderate-income areas or individuals.

## State Rating

### State of Alabama

**CRA Rating for Alabama:** Satisfactory

**The lending test is rated:** High satisfactory

**The investment test is rated:** Low satisfactory

**The service test is rated:** Low satisfactory

#### Lending Test

- Good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business loans in its AAs.
- A majority of the bank's loans in its AAs.
- An adequate geographic distribution of loans in its AAs.
- A good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- An adequate level of community development loans.

#### Investment Test

- An adequate level of qualified investments.
- Adequate responsiveness to credit and community development needs.

#### Service Test

- Service delivery systems accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services do not inconvenience certain parts of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- An adequate level of community development services.



## **Description of Institution's Operations in Alabama**

Refer to the Market Profiles for the State of Alabama in Appendix C for detailed demographics and other performance context information of assessment areas that receive full-scope reviews.

UPBNA has 19 branches in the Mobile, Decatur, Huntsville and Florence MSAs. The bank's presence in the state was reduced in 2001 with the sale of all branches located in the Montgomery MSA. Alabama represents the smallest of the bank's 12 states with just over \$355 million of deposits. Mobile represents the bank's largest AA in Alabama in terms of number of branches with eight. As of June 30, 2002 UPBNA ranked 10<sup>th</sup> in market share in deposits with approximately 2% of the deposits in the Mobile MSA.

## **Scope of Evaluation in Alabama**

The Mobile MSA received a full-scope evaluation. Refer to the table in Appendix A for more information. The ratings for the state of Alabama are based on the results of the area receiving a full-scope review.

## **LENDING TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the lending test in Alabama is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Mobile MSA is good.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Alabama section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in its assessment area (AA), taking into account the number and amount of home mortgage and small business loans originated in its AA. At June 30, 2002, the bank ranked 10<sup>th</sup> with a 2% market share of deposits among 18 financial institutions in the AA.

The bank ranked 5<sup>th</sup> among 370 HMDA reporters with a 4% overall market share of home mortgage loans; a 3% market share of home purchase loans, and a 5% market share of refinance loans. The bank ranked 13<sup>th</sup> with a 2% market share of loans originated in low-income geographies. The bank ranked 5<sup>th</sup> with a 4% market share of loans originated in moderate-income geographies. The bank ranked 7<sup>th</sup> with a 3% market share of loans to low-income borrowers. The bank ranked 8<sup>th</sup> with a 4% market share of loans to moderate-income borrowers.

The bank ranked 19th among 88 CRA reporters with a 0.27% market share in loans to businesses. The bank ranked 15th with a 0.4% market share of loans to businesses with less than \$1 million gross annual revenues. The bank ranked 20th with a 0.14% market share of loans originated in low-income geographies. The bank ranked 17<sup>th</sup> with a 0.34% market share of loans originated in moderate-income geographies.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. An adequate percentage of its loans were made in its AAs.

We considered the following factors in evaluating the bank's performance in lending in moderate-income geographies. Approximately 53% of families living in low-income tracts have incomes below the poverty level while approximately 28% of families living in moderate-income tracts have incomes below the poverty level. Families with these income levels have difficulty qualifying for loans.

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the state of Alabama section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was good. The bank's percent of home purchase loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of loans in low- and moderate-income geographies exceeded the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was poor. The bank's percent of refinance loans in low-income and moderate-income geographies was lower than the percent of owner-occupied units in low-income and moderate-income geographies. The percent of refinance loans in low-income geographies was lower than the bank's market share of refinance loans in low-income geographies. The bank's market share of refinance loans in low-income geographies was lower than the bank's market share of refinance loans. The bank's market share of loans in moderate-income geographies was near to the bank's overall market share of refinance loans.

## **Small Loans to Businesses**

Refer to Table 6 in the state of Alabama section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was good. The percent of small loans to businesses in low-income geographies was near the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies was somewhat lower than the percent of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was somewhat lower than its overall market share of loans. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

## **Lending Gap Analysis**

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified

## ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

This analysis was performed on the entire bank rather than by AA.

## **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A majority of small loans to businesses were for amounts less than \$100 thousand.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers. Seventy percent of low-income families in the AA had incomes below the poverty level. This makes it very difficult to qualify for loans.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Alabama section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers was near the percent of moderate-income families in the AA. The bank's market share of loans to low-income and moderate-income borrowers was somewhat lower than its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was near its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near to its overall market share of loans.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Alabama section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A majority of the bank's small loans to businesses were for amounts less than \$100 thousand.

### ***Community Development Lending***

Refer to Table 1 Lending Volume in the state of Alabama section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank had an adequate level of community development loans. UPBNA made one community development loan in the AA during the period for a low-income multifamily housing project. This had a neutral impact on lending performance because opportunities to lend for community development purposes were limited. Refer to the Market Profile section for details on needs and opportunities.

### ***Product Innovation and Flexibility***

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Decatur MSA and Florence MSA is not inconsistent with the bank's overall High Satisfactory performance. In the Huntsville MSA, the bank's performance is stronger than the bank's overall performance in the state. Lending activity and geographic distribution were stronger in the Huntsville MSA. Refer to the Tables 1 through 12 in the state of Alabama section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the investment test in Alabama is rated Low Satisfactory. Based on a full-scope review, the bank's performance is adequate.

Refer to Table 14 in the state of Alabama section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified investments in the AA. The bank showed adequate responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities.

The bank made eight contributions totaling \$23 thousand to community development organizations that provide direct support, services and activities that impact moderate-

income geographies and low- and moderate-income individuals in the AA. There was one qualified prior period investment totaling \$300 thousand.

The bank exhibited adequate responsiveness to credit and community development needs. The bank made investments that support needs identified and discussed in the profile found in Appendix C for the Mobile MSA AA.

### **Conclusions for Areas Receiving Limited-Scope Review(s)**

Based on limited-scope reviews, the bank's performance under the investment test in the Decatur MSA, Huntsville MSA and Florence MSA is not inconsistent with the bank's overall Low Satisfactory performance under the lending test in the Mobile MSA. Refer to the Table 14 in the state of Alabama section of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the service test in Alabama is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Mobile MSA AA is adequate.

### ***Retail Banking Services***

Refer to Table 15 in the state of Alabama section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Service delivery systems are reasonably accessible to its AA particularly to low- or moderate-income geographies or to low- or moderate-income individuals. While no branches are located in low- and moderate-income tracts, branches are accessible.

To the extent changes have been made, its opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. There were no changes in low-income or moderate-income tracts during the evaluation period. All openings and closings in Mobile MSA were in middle-income and upper-income tracts.

The bank's services do not inconvenience certain parts of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

## **Community Development Services**

The bank provided an adequate level of community development services. Officers and staff contributed services to eight community development organizations in the AA during the evaluation period.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Decatur, Huntsville, and Florence MSAs is not inconsistent with the bank's overall Low Satisfactory performance under the services test in the Mobile MSA. Refer to Table 15 in the state of Alabama section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Arkansas

**CRA Rating for Arkansas:** Satisfactory

**The lending test is rated:** Low Satisfactory

**The investment test is rated:** Low Satisfactory

**The service test is rated:** Low Satisfactory

#### Lending Test

- Adequate responsiveness to credit needs in its assessment areas, taking into account the number and amount of home mortgage and small loans to businesses.
- An adequate geographic distribution of loans in its assessment area.
- A good distribution, particularly in its AA(s), of loans among individuals of different income levels.
- An adequate level of community development loans within the assessment area.

#### Investment Test

- An adequate level of investments given the opportunities available in the AA.

#### Service Test

- Delivery systems are reasonably accessible to essentially all portions of the AA, particularly moderate-income geographies.
- UPBNA actively participates with organizations that provide community development services.

### Description of Institution's Operations in Arkansas

Refer to the Market Profile for the state of Arkansas in Appendix C for detailed demographics and other performance context information. UPBNA has 30 branches and approximately \$587 million in deposits. This represents 3% of total UPBNA total deposits. UPBNA is the 9<sup>th</sup> largest institution in the state based on the June 30, 2002, FDIC Summary of Deposits with a market share of 1.8%.



## **LENDING TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the Lending Test in Arkansas is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the AR 01 - 11 Non-MSA Counties AA is adequate.

#### ***Lending Activity***

Refer to Table 1 Lending Volume in the state of Arkansas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited adequate responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small loans to businesses originated in its AA. At June 30, 2002, UPBNA ranked first with a 9.69% market share of deposits among 37 financial institutions in the AA.

UPBNA ranked first among 175 HMDA reporters with a 10.71% overall market share of home mortgage loans; a 7.35% market share of home purchase loans; and an 11.51% market share of refinance loans. The bank ranked second with an 11.01% market share in moderate-income geographies. The bank ranked first with a 19.29% market share to low-income borrowers. UPBNA also ranked first with a 12.78% market share to moderate-income borrowers.

UPBNA ranked third among 50 CRA reporters with a 9.83% market share in small loans to businesses. The bank ranked second with a 16.31% market share of small loans to businesses with gross annual revenues of \$1 million or less.

#### ***Distribution of Loans by Income Level of the Geography***

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was adequate. There are no unexplained conspicuous gaps in the bank's lending patterns throughout the AA.

Our analysis was based on the geographic distribution of loans in moderate-income tracts. There were no low-income tracts in the AA.

#### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the state of Arkansas section of Appendix D for the facts and data used to evaluate geographic distribution of the bank's home mortgage loan originations/purchases.

## **Home Purchase Loans**

The geographic distribution of *home purchase loans* was adequate. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's overall market share of home purchase loans.

## **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in moderate-income geographies was near to the bank's overall market share for refinance loans.

## **Small Loans to Businesses**

Refer to Table 6 in the state of Arkansas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was adequate. The percent of small loans to businesses in moderate-income geographies is somewhat lower than the percent of businesses located in moderate-income geographies. UPBNA's market share for small loans to businesses in moderate-income geographies was near to its overall market share of small loans to businesses.

## **Lending Gap Analysis**

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

## **Inside/Outside Ratio**

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

## **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was adequate. The

distribution of small loans to businesses was excellent. A substantial majority of small loans to businesses were to businesses with revenues of \$1 million or less.

We considered the following factors in evaluating the bank's performance in lending to low-income borrowers: the percent of low-income families below the poverty level, the availability of affordable housing in the AA, and competition from other lenders.

### **Home Mortgage Loans**

Refer to Tables 8, 9, and 10 in the state of Arkansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of home purchase loans by income level of the borrower in the AA was adequate. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. UPBNA's percent of home purchase loans to moderate-income borrowers was somewhat lower than the percent of moderate-income families in the AA. The bank's market share for home purchase loans to low-income borrowers exceeded its overall market share for home purchase loans. UPBNA's market share for home purchase loans to moderate-income borrowers was somewhat lower than its overall market share.

### **Refinance Loans**

The distribution of refinance loans by income level of the borrower in the AA was excellent. The bank's percent of refinance loans to low-income borrowers was poor. UPBNA's percent of refinance loans to moderate-income borrowers was excellent. The market share to low- and moderate-income borrowers exceeded its overall market share.

### **Small Loans to Businesses**

Refer to Table 11 in the state of Arkansas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses in the AA was excellent. The bank's percentage of small loans to small businesses (business with revenues of \$1 million or less) exceeded the percent of small businesses in the AA. UPBNA's market share for businesses with revenues of \$1 million or less exceeds its overall market share for small loans to businesses. A substantial majority of the bank's small loans to businesses originated at \$100,000 or less.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Arkansas section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

During the evaluation period, UPBNA originated two loans in the AA totaling \$252,255. These loans provided affordable housing to low- and moderate-income families. This level of community development lending had a positive impact on lending performance because opportunities to lend for community development purposes were limited. Refer to the Market Profile section for details on needs and opportunities.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permit minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97, which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the AR 02 – Jonesboro, AR MSA and AR 03 – 03 Non-MSA Counties is not inconsistent with the bank's overall Low Satisfactory performance under the lending test in the AR 01 – 11 Non-MSA Counties. The performance of the AR 03 – 03 Non-MSA Counties AA was stronger than the full-scope area. Refer to Tables 1 through 12 in the state of Arkansas section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the investment test in Arkansas is rated Low Satisfactory. Based on a full-scope review, the bank's performance was adequate.

Refer to Table 14 in the state of Arkansas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

UPBNA has an adequate level of qualified investments in the AA.

During the evaluation period, UPBNA made 9 contributions totaling \$10 thousand to community development organizations that provide direct support, services and activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. There were two prior period investments totaling \$260 thousand. None of the bank's investments are considered innovative or complex. Current investments in the form of grants or donations benefit low- and moderate-income individuals, but do not address the identified need for business development and jobs.

### **Conclusions for Areas Receiving Limited-Scope Review(s)**

Based on limited-scope reviews, the bank's performance under the investment test in the AR 02 – Jonesboro, AR MSA and the AR 03 – 03 Non-MSA Counties is not inconsistent with the bank's overall Low Satisfactory performance under the investment test. Refer to Tables 14 in the state of Arkansas section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Area Receiving a Full-Scope Review(s)**

The bank's performance under the service test in Arkansas is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the AR 01 – 11 Non-MSA Counties AA is adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Arkansas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch opening and closings.

Service delivery systems are reasonably accessible to essentially all portions of the AA. The percent of bank branches located in moderate-income geographies is somewhat lower than the percent of population that resides in moderate-income geographies.

There were a total of 16 branches in the AA of which 12 were full-service branches and 4 were limited-service branches. During the evaluation period, UPBNA closed 2 and sold 4 branches in middle-income geographies. No branches opened during the evaluation period. UPBNA had a total of 12 ATMs in which 1 was located in a moderate-income geography, 9 in middle-income geographies, and 2 in upper-income geographies. Business hours vary by branch location. Some offices and drive-through facilities had Saturday hours. UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

### **Community Development Services**

UPBNA actively participates with organizations that provide community development services. During the evaluation period, officers and staff contributed services to 13 community development organizations in the AA. The bank worked with organizations that provided affordable housing, community services to low- and moderate-income individuals, economic development, and revitalization/stabilization of low- and moderate-income geographies. Bank officers and staff served in the capacity as board members, officers, volunteers, and provided financial expertise to organizations in which they served.

### **Conclusions for Areas Receiving Limited-Scope Review(s)**

Based on limited-scope reviews, the bank's performance under the service test in the AR 02 – Jonesboro, AR MSA and AR 03 – 03 Non-MSA Counties is not inconsistent with the bank's overall Low Satisfactory performance under the services test in the AR 01 –11 Non-MSA Counties AA. Refer to Tables 15 in the state of Arkansas section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Florida

**CRA Rating for Florida:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** Low Satisfactory

**The Service Test is rated:** High Satisfactory

#### Lending Test

- Good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business loans in its AAs.
- A majority of the bank's loans are made in its AAs.
- A good geographic distribution of loans in its AAs.
- A good distribution, particularly in its AAs, of loans among individuals of different income levels and businesses of different sizes given the product lines offered by the bank.
- A good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- An adequate level of community development loans.

#### Investment Test

- An adequate level of qualified investments.
- Adequate responsiveness to credit and community development needs.

#### Service Test

- Service delivery systems are accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, its opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- A good level of community development services.

### Description of Institution's Operations in Florida

Refer to the Market Profile for the Miami MSA in Appendix C for detailed demographics and other performance context information for the AAs that received full-scope reviews.

UPBNA has \$3.0 billion of deposits and 73 branches in its operations in Florida. This represents 16% of bank deposits. UPBNA is the 10<sup>th</sup> largest financial institution in Florida based on the June 30, 2002 FDIC Summary of Deposits with a market share of 1.6%.

## **Scope of Evaluation in Florida**

A full-scope review was performed for the Miami, Florida MSA. This assessment area, which represented 13% of the bank's total deposits and approximately 4% of the total reported loans, was weighted most heavily in assessing the bank's performance in Florida. Limited scope reviews were conducted for the Fort Lauderdale and West Palm Beach/Boca Raton MSAs. These assessment areas represented approximately 3% of UPBNA's total deposits and 3% of the reported loans. Refer to Table 1 in Appendix D for more information.

Several community contacts performed by the OCC prior to or during the evaluation period were reviewed. All of the contacts were in the Miami MSA assessment area. The contacts included small business development/economic development agencies and a community development corporation. These contacts were made to help determine the credit needs in the assessment areas. The needs identified through these contacts were partnering with Community Development Corporations for commercial projects and CD investments for operations and property development. No comments were received concerning the manner in which UPBNA provided needed credit, investments, and services in the communities.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in Florida is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Miami MSA is good. Variations in performance among the assessment areas and among lending products are described below.

### **Lending Activity**

Refer to Table 1 in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage small business loans originated in its AAs. At June 30, 2002, the bank ranked 7<sup>th</sup> with a 6% market share of deposits among 106 financial institutions in Miami MSA.

The bank ranked 16<sup>th</sup> among 631 HMDA reporters with a 1% overall market share of home mortgage loans; a .91% market share of home purchase loans; a 1.38% market



share of refinanced loans. The bank ranked 14<sup>th</sup> with a 1.5% market share of loans originated in low-income geographies. The bank ranked 17<sup>th</sup> with a 1.4% market share of loans originated in moderate-income geographies. The bank ranked 12<sup>th</sup> with a 2% market share of loans to low-income borrowers. The bank ranked 14<sup>th</sup> with a 1.7% market share of loans to moderate-income borrowers.

The bank ranked 14<sup>th</sup> among 143 CRA reporters with a .96% market share in loans to businesses. The bank ranked 16<sup>th</sup> with a 1% market share of loans originated in low-income geographies. The bank ranked 15<sup>th</sup> with a 1% market share of loans originated in moderate-income geographies. The bank ranked 15<sup>th</sup> with a 1% market share of loans to businesses with less than \$1 million gross annual revenues.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was good. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was excellent. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. An adequate percentage of its loans were made in the AA.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

UPBNA's mortgage related lending to individuals in low- and moderate-income census tracts in the Miami MSA was good.

#### **Home Purchase Loans**

The geographic distribution of home purchase loans in the AA was good. The bank's percent of home purchase loans in low-income geographies was somewhat lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was near to the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was somewhat lower than the bank's market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's overall market share of home purchase loans.

#### **Refinanced Loans**

The geographic distribution of refinanced loans in the AA was good. The bank's percent of refinanced loans in low-income geographies was somewhat lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinanced loans in moderate-income geographies was near to the percent of owner-

occupied units in moderate-income geography. The bank's market share of refinanced loans in low- and moderate-income geographies exceeded the bank's overall market share of refinance loans.

### **Small Loans to Businesses**

Refer to Table 6 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

The geographic distribution of small loans to businesses was excellent. The percent of small businesses in low- and moderate-income geographies exceeded the percent of businesses located in low- and moderate-income geographies. The bank's market share of loans in the low- and moderate-income geographies exceeded its overall market share of loans.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. An adequate percentage of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of home purchase loans by income level of the borrower in the AA was adequate. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home

purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

### **Refinance Loans**

The distribution of refinanced loans by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

The distribution of small loans to businesses in the AA was good. The bank's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) was near to the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank had a low level of community development loans. The bank made seven CD loans totaling \$4.6 million in the Miami MSA. Four provided affordable housing, one provided community services, and two provided community services and helped revitalize or stabilize the affected area. This had a neutral impact on lending performance. Refer to market profile section for details on needs and opportunities.

### **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers. This product permits minimum down payments, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down

payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 that permits sources of funds in addition to borrower funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Ft. Lauderdale and West Palm Beach-Boca Raton MSAs is not inconsistent with the bank's overall High Satisfactory performance under the lending test in Florida. Refer to Tables 1 through 12 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in Florida is rated Low Satisfactory. Based on the full-scope review for the Miami MSA, the bank's level of qualified investments is adequate. Refer to Table 14 in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank had an adequate level of qualified investments in the AA. UPBNA's performance in the Miami MSA is adequate. The bank made 54 qualified investments in the Miami MSA assessment area totaling \$7 million. The investments were responsive to credit needs. Approximately 72% of the investments supported community services (this includes some investments that benefit more than one CD purpose. Approximately 91% of the qualified investments were made in the prior period. These investments consist of mortgage-backed securities backed by affordable housing mortgages. None of the investments were innovative or complex.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Fort Lauderdale and West Palm Beach-Boca Raton MSAs was not inconsistent with the bank's overall Low Satisfactory performance under the Investment Test in Florida. See Table 14 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

## **SERVICES TEST**

### **Conclusions for Area Receiving Full-Scope Reviews**

The bank's performance under the Service Test for Florida is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Miami MSA was good.

#### **Retail Banking Services**

Refer to Table 15 in the state of Florida section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery and branch openings and closings.

Service delivery systems are accessible to its AAs, particularly low- and moderate-income geographies or low- or moderate-income individuals. In the Miami MSA, the percentage of branches in low-income tracts exceeded the percentage of tracts in the AA and the percentage of the population living in low-income tracts. Then percentage of branches in moderate-income tracts was near to the percentage of tracts in the AA and the percentage of the population.

To the extent changes have been made, its opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. A branch was opened in a low-income geography.

UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

#### **Community Development Services**

UPBNA's performance in providing community development services in the Miami MSA was good. Officers and staff contributed services to 16 community groups during the review period. They were responsive to needs identified as discussed in the profile in Appendix C of the Miami MSA.

The services were provided in conjunction with organizations that address employment creation and readiness, schools in low- and moderate-income areas, a community college, an Enterprise Community, a merchants alliance, Chamber of Commerce small business or empowerment zone committees, and the City of Miami.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews and the performance contexts, the bank's performance under the Service Test in the Fort Lauderdale and West Palm Beach/Boca Raton MSAs is not inconsistent with the bank's overall High Satisfactory performance under the Service Test in the state of Florida. Refer to Table 15 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Illinois

**CRA Rating for Illinois:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** Low Satisfactory

**The Service Test is rated:** Low Satisfactory

#### Lending Test

- Good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business loans in its AAs.
- A majority of the bank's loans are made in its AAs.
- An adequate geographic distribution of loans in its AAs.
- A good distribution, particularly in its AAs, of loans among individuals of different income levels and businesses of different sizes given the product lines offered by the bank.

#### Investment Test

- UPBNA provided an adequate level of qualified investments in its Illinois assessment areas. The investments showed no notable innovation or complexity.

#### Service Test

- Service delivery systems are reasonably accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, its opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- An adequate level of community development services.

### Description of Institution's Operations in Illinois

Refer to the Market Profile for the Illinois 05 AA in Appendix C for detailed demographics and other performance context information for assessment areas that received full scope reviews.

UPBNA has over \$1.4 billion of deposits and 40 branches in its operations in Illinois. The Illinois 05 AA has 11 branches. This represents 5% of the bank's total deposits. The Illinois 05 AA represents 35% of deposits and 24% of the loans in the state.

UPBNA is the 16<sup>th</sup> largest financial institution in Illinois based on the FDIC's Summary of Deposits with a market share of .95%.

## **Scope of Evaluation in Illinois**

A full-scope review was performed for the AA designated by the bank as IL 05, containing eight contiguous non-MSA counties in southwestern Illinois. It was weighted most heavily in assessing the bank's performance in Illinois. Limited scope reviews were conducted for the remaining nine Illinois AAs.

## **LENDING TEST**

The bank's performance under the Lending Test in Illinois is rated High Satisfactory. Based on a full-scope review, the bank's performance in the IL 05 AA is good.

### **Lending Activity**

Refer to Table 1 in the state of Illinois section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in the AA, taking into account then number and amount of home mortgage, refinance and small business loans originated in its AA. At June 30, 2002, the bank ranked 1<sup>st</sup> with a 9% market share of deposits among 74 financial institutions in the AA.

The bank ranked 3<sup>rd</sup> among 251 HMDA reporters with a 6.6% overall market share of loans originated in moderate-income geographies. The bank ranked 5<sup>th</sup> with a 5% market share of loans to low-income borrowers. The bank ranked 3<sup>rd</sup> with a 7.5% market share of loans to moderate-income borrowers.

The bank ranked 15<sup>th</sup> among 67 CRA reporters with a 1.6% market share in loans to businesses. The bank ranked 9<sup>th</sup> with a 3% market share of loans to businesses with revenues of \$1 million or less.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was good. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was excellent. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A majority of the bank's loans were made in its AA.

### **Home Mortgage Loans**

Refer to Tables 2, 4 and 5 in the state of Illinois section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

### **Home Purchase Loans**

The geographic distribution of home purchase loans in the AA was adequate. The bank's percent of home purchase loans in low-income geographies was near to the percent of owner-occupied units in low-income geographies. The bank's percentage of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was significantly lower than the bank's overall market share. The bank's market share of home purchase loans in moderate-income geographies was near to the bank's overall market share of home purchase loans.

### **Refinanced Loans**

The geographic distribution of refinanced loans in the AA was adequate. The bank's percent of refinanced loans in low-income geographies exceeded the percent of owner-occupied units in low-income geographies. The bank's percent of refinanced loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinanced loans in low-income geographies was significantly lower than the bank's overall market share of refinanced loans. The bank's market share of refinanced loans in moderate-income geographies was near to the bank's overall market share of refinanced loans.

### **Small Business Loans**

Refer to Table 6 in the state of Illinois section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

The geographic distribution of small loans to businesses was good. The percentage of small loans to businesses in low-income geographies was near to the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies exceeded the percentage of businesses in



moderate-income geographies. The bank's market share of loans to small businesses in low-income geographies exceeded its market share of loans. The bank's market share of loans in moderate-income geographies was near to its overall market share.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was adequate. The distribution of small loans to businesses was excellent. A majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8 and 10 in the state of Illinois section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### **Home Purchase Loans**

The distribution of home purchase loans by the income of the borrower in the AA was good. The percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was somewhat lower than its market share of loans. The bank's market share of loans to moderate-income borrowers was near to its overall market share of loans.

## **Refinanced Loans**

The distribution of refinanced loans by the income level of the borrower in the AA was adequate. The bank's percent of refinanced loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinanced loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

## ***Small Loans to Businesses***

Refer to Table 11 in the state of Illinois section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

The distribution of small loans to businesses in the AA was good. The bank's percentage of small loans to small businesses (businesses with revenues \$1 million or less) was near to the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A majority of the bank's loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 in the state of Illinois section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank did not make any CD loans in this AA during the evaluation period.

## **Product Innovation and Flexibility**

UPBNA's uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers. This product permits minimum down payments, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from the borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 that permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test was not inconsistent with the bank's overall High Satisfactory performance under the lending test in Illinois for the following AAs: IL 02, IL 04, IL 06, IL 08 and IL 09. In the IL 03 AA the bank's performance was stronger than the bank's overall performance in the state. In the IL 01, IL 07, and IL 10 AAs the bank's performance was weaker than the bank's overall performance in the state. Refer to Tables 1 through 12 in the state of Illinois section of Appendix D for the facts and data that support these conclusions.

Performance in the IL 03 AA was stronger. In this AA, the bank's lending exceeded relevant percentages for loans to individuals in low-income census tracts for home purchase, home refinance, and small loans to businesses; for loans to individuals in moderate-income tracts for home mortgage refinance and multifamily loans; for loans to low-income and moderate-income borrowers for home purchase loans; and for loans to moderate-income borrowers for home mortgage refinance loans.

Performance in the IL 01 AA was weaker. Bank lending was lower than relevant percentages for home purchase loans in low-income census tracts; for home refinance loans in low- and moderate-income tracts; and for home purchase and home refinance loans to low-income borrowers.

Performance in the IL 07 AA was weaker, because of low levels of lending in moderate-income census tracts and low levels of lending to low-income borrowers.

Performance in the IL 10 AA was weaker, because of low levels of lending in the moderate income census tracts.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Reviews**

The bank's performance under the Investment Test in Illinois is rated Low Satisfactory. Based on the full-scope review, the bank's performance is adequate.

Refer to Table 14 in the state of Illinois section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified investments in the AA. The bank made 29 qualified investments in the IL 05 AA totaling \$439 thousand. Twenty-five of the qualified investments consisted of donations and grants for the current period. The investments were responsive to one of the five types of credit needs identified through community contacts. Approximately half of the investments supported community services. None of the investments were innovative or complex.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the IL 01, IL 02, IL 03, IL 04, IL 06, IL 07, IL 08, IL 09, and IL 10 AAs was not inconsistent with the bank's overall Low Satisfactory performance under the Investment Test in Illinois. Refer to Table 14 in the state of Illinois section of Appendix D for the facts and data that support these conclusions.

## **SERVICES TEST**

The bank's performance under the Service Test for Illinois is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Illinois 05 AA was adequate.

## **Conclusions for Area Receiving Full-Scope Reviews**

### **Retail Banking Services**

Refer to Table 15 in the state of Illinois section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch system and the distribution of branches opened and closed during the review period.

Service delivery systems were reasonably accessible to geographies and individuals of different income levels in the Illinois AAs during the evaluation period.

For the Illinois 05 AA there were no branches in the two low-income census tracts. The percentage of branches in moderate-income tracts was near the percentage of the population. The bank's record of opening and closing branches in its Illinois 05 AA resulted in the closure of the only branch in a low-income census tract.

UPBNA's hours and services offered did not vary in a way that inconvenienced the AAs.

### **Community Development Services**

UPBNA provided few community development services in IL 05. Qualified community development services included financial education to consumers or small businesses; financially related technical assistance for CD organizations, including some that develop affordable housing; and fundraising assistance for neighborhood development corporation.

UPBNA conducted five qualified community development services in the IL 05 AA. They included financial education for consumers or small businesses and fundraising assistance for CD efforts. The services were provided in conjunction with organizations that address employment creation and readiness and affordable housing.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews and the performance contexts, the bank's performance under the Service Test in the IL 01, IL 02, IL 03, IL 04, IL 06, IL 07, IL 08, IL 09, and IL 10 AAs is not inconsistent with the bank's overall Low Satisfactory performance under the Service Test in the state of Illinois. Refer to Table 15 in the state of Illinois section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Indiana

**CRA Rating for Indiana:** Satisfactory

**The Lending Test is rated:** Low Satisfactory

**The Investment Test is rated:** High Satisfactory

**The Service Test is rated:** Low Satisfactory

#### Lending Test

- UPBNA has demonstrated an adequate responsiveness to credit needs in the Indianapolis MSA assessment area (AA).
- The geographic distribution of reportable loans is good and the borrower distribution is adequate with no unexplained gaps in lending.
- The level of community development lending reflects a good responsiveness to identified needs and has a positive effect on the overall lending rating.

#### Investment Test

- The level of Investments reflects a good responsiveness to the needs of the AA.

#### Service Test

- Service delivery systems are accessible to limited portions of the bank's AA.
- Community development services support the bank's other community development efforts and address identified needs in the community. These services had a positive impact on the Service Test rating.

### Description of Institution's Operations in Indiana

Refer to the Market Profile for the Memphis MSA in Appendix C for detailed demographics and other performance context information. UPBNA has 74 branches, and \$1.9 million in deposits in the state of Indiana. This represents 8% of total UPBNA deposits. UPBNA is the 6<sup>th</sup> largest financial institution in the state of Indiana based on the June 30, 2002, FDIC Summary of Deposits with a market share of 2.4%.

### LENDING TEST

#### Conclusions for Area Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Indiana is Low Satisfactory. Based on a full-scope review of the Indianapolis MSA AA, the bank's performance is adequate.

## **Lending Activity**

Refer to Table 1 in the state of Indiana section of Appendix D for the facts and data used to evaluate the bank's lending activity.

UPBNA's lending activity demonstrates an adequate responsiveness to the credit needs of its AA. UPBNA's deposit market share of 3% (\$858 million) ranks 6<sup>th</sup> among 544 financial institutions with offices in the Indianapolis MSA. Those institutions with a greater market share include National City Bank, Bank One, Fifth Third and Union FB of Indianapolis, which captured 15%, 12%, 7%, and 7% of the market, respectively, and are significantly larger than UPBNA in total assets.

Approximately 69% of the number and 62% of the dollar amount of UPBNA's reported loans were home mortgage-related loans in the Indianapolis AA. Approximately 30% of the number and 38% of the dollar amount were loans to small businesses. Among the home mortgage loans originated in the Indianapolis AA, approximately 54% were home mortgage refinances and 36% were for home purchase.

Business lending activity is good. UPBNA reported 8,118 business loans totaling \$622 thousand over the evaluation period. Fifty-seven percent of all reported small loans to businesses and 9% of all reported 2002 small loans to businesses were originated in the Indianapolis MSA. Sixty-six percent of the small business loans were made to businesses with revenues less than \$1 million. UPBNA ranked 16<sup>th</sup> in small business market share among 142 lenders in the Indianapolis MSA.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in the state of Indiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

The overall geographic distribution of home mortgage loans was adequate. The bank's ability to lend in low-income areas is affected by a low percentage of owner-occupied units. More than half of the housing units in low-income tracts are rental and multifamily. Additionally, there is a high level of vacant housing units in both low- and moderate-income tracts.

### **Home Purchase Loans**

UPBNA's geographic distribution of *home purchase* loans was adequate. The percent of home purchased loans in the low- and moderate-income geographies is somewhat lower than the percent of owner-occupied housing units in those geographies. Its market share in both geographies was lower than its overall market share.

## **Refinance Loans**

UPBNA's geographic distribution of *refinance loans* was adequate. The percent of refinanced loans in low-income geographies was near to the percent of owner-occupied housing units in those geographies. UPBNA's percent of refinanced loans in moderate-income geographies was somewhat lower than the percent of owner-occupied housing units in those geographies. The bank's market share in the low-income geographies exceeds its overall market share, while its market share in moderate-income geographies was near to its overall market share.

## ***Small Business Loans***

Refer to Table 6 in the state of Indiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

The bank's overall geographic distribution of small loans to businesses was good.

The bank's *small loans to businesses* lending in low- and moderate-income census tracts was good. The percentage of loans in both the low- and moderate-income geographies was near to or equals the percentage of businesses located in these tracts.

UPBNA's market share of loans to small businesses in low-income and moderate-income tracts exceeds its overall market share. The market is dominated by a small group of lenders. The top five lenders account for 56% of the loans in low-income tracts and 64% of the loans in moderate-income tracts.

## **Lending Gap Analysis**

Our review included an evaluation of UPBNA's geographic distribution of home mortgage loans and small loans to businesses. This was done using maps and reports showing the bank's lending in each census tract. No unexplained conspicuous gaps in lending were identified.

## ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

## **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was adequate. The distribution of home mortgage loans by borrower income level was adequate. The



distribution of small loans to businesses was excellent. A majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the state of Indiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### **Home Purchase Loans**

The percentage of *home purchase loans* to low-income individuals was poor. The percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA, as is the bank's market share to low-income borrowers. There are limited opportunities for low-income individuals to qualify for home ownership; approximately 36% of the area's population is below the poverty level. The percent of home purchase loans to moderate-income individuals was good. This percentage was near to or equals the percentage of moderate-income families in the AA, as is the bank's overall market share.

### **Refinance Loans**

The percentage of *refinance loans* to low-income individuals was adequate. The percent of refinance loans to low-income borrowers was somewhat lower than the percentage of low-income families in the AA, as was the bank's market share to low-income borrowers. The percentage of refinance loans to moderate-income individuals was good. This percentage is near to or equals the percentage of moderate-income families in the AA, as was the bank's overall market share.

### ***Small Business Loans***

Refer to Table 11 in the state of Indiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

UPBNA's lending to businesses with revenues of \$1 million or less was excellent. The bank's percentage of reportable loans made to businesses of this revenue size exceeds the percentage of businesses with revenues of \$1 million or less. The percent of loans of \$100,000 or less exceeds the bank's overall market share for small loans to all businesses in the MSA. Market share data reflects UPBNA ranks 10<sup>th</sup> among 142 lenders in the number of loans made to businesses with revenues of \$1 million or less.

## **Community Development Lending**

Refer to Table 1 in the state of Indiana section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

Community development (CD) lending had a positive impact on the Lending Test conclusions. Bank management and community contacts identified affordable housing, small business loans and technical assistance as pressing needs in the Indianapolis MSA. UPBNA demonstrated a good level of responsiveness to the needs of the Indianapolis MSA AA. For example, UPBNA originated 2 loans totaling \$1.035 million, which consisted of a \$1 million loan to an Indiana based CDFI in its efforts to assist small and medium-sized businesses in obtaining bank loans, and a \$35 thousand loan to a housing and homeless coalition for affordable housing issues and supportive services.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permit minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97, which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and pre-paid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, we determined the performance in these areas is not always consistent with the bank's overall Low Satisfactory lending test performance in Indiana. Overall, these limited scope reviews indicate there are some portions of the lending test that are stronger and/or weaker than the overall state performance.

The performance in the AAs of Bloomington MSA (IN 01), Lafayette MSA (IN 04), and parts of Terre Haute MSA, (IN 10) and parts of Louisville, KY non-MSA counties (IN 05) is not inconsistent with the bank's overall Low Satisfactory state performance under the lending test. There are no low- and moderate-income geographies in the two of the non-MSA counties (IN 06 & IN 07).

The ratings in the AAs of part of Kokomo MSA (IN 03), one non-MSA county (IN 08) and 8 non-MSA contiguous counties (IN 09 & IN 12) are stronger when compared to the overall state performance. The stronger ratings are attributed to no low-income tracts in geographies IN 08, IN 09 & IN 12, the excellent home purchase activity in the low-income geography IN 03, and the excellent small loans to business lending in all of the geographies stated above with stronger performance. The rating in the AA of part of Evansville, IN-Henderson, KY MSA (IN 11) is weaker when compared to the overall state performance given the limited opportunities for home purchase and refinanced loans.

Refer to the Tables 1-12 in the state of Indiana section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Indianapolis MSA AA is excellent. Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Qualified investments are investments, deposits, membership shares or grants that have as their primary purpose "Community Development, as defined in the CRA regulation. UPBNA does not have any complex or innovative investments. There were six qualified investments purchased during this evaluation period totaling \$933 thousand, which consist of four Low Income Housing Investment Tax Credits (\$425 thousand) and two equity investments (\$508 thousand) in two CDFIs focusing on small business development. Additionally, there were 199 grants/donations amounting to \$531 thousand made to organizations providing affordable housing and other social services targeting low- and moderate-income individuals and families.

Prior period investments include nine mortgage-backed securities (MBS) with a current amortized book value of \$2.1 million. The MBSs consist of loans originated to low- and moderate-income individuals for housing.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of the bank's performance under the Investment Test in the Lafayette MSA (IN 04), part of Louisville, KY-IN (IN 05), part of Terre Haute MSA (IN 10), one non-MSA county (IN 08) and 8 non-MSA contiguous counties (IN 09 & IN 12) is weaker than the bank's overall High Satisfactory performance rating for the state of Missouri. The bank's performance in the AAs of the Bloomington MSA (IN 01), part of the Kokomo MSA (IN 03), part of the Evansville, IN-Henderson, KY MSA (IN 11) and 2 non-MSAs (IN 06 and IN 07) is weaker than the bank's overall High Satisfactory state

performance. The weaker ratings are attributed to the bank's limited opportunities for investments, grants and donations in these geographies.

Refer to Table 14 in the state of Indiana section of Appendix D for the facts and data that support these conclusions.

## **SERVICES TEST**

The bank's performance under the Service Test for Indiana is Low Satisfactory. Based on full-scope review of the Indianapolis MSA AA, the bank's performance is adequate.

### **Conclusions for Areas Receiving Full-Scope Reviews**

#### **Retail Banking Services**

Refer to Table 15 in the state of Indiana section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery systems and branches opened and closed during the review period.

UPBNA's delivery systems are accessible to limited portions of its AA. The bank operates a total of 28 full service branches, three limited service branches, and 37 ATM's in the full-scope AA. The distribution of branches is poor in both the low- and moderate-income geographies. The low-income tracts in the full-scope AA have 7% of the population and 3% of the bank's branches, while the moderate-income tracts have 23% of the population and only 3% of the bank's branches.

UPBNA's record of opening and closing branches has generally not adversely affected the provision of financial services. There were two branches opened and two closed during this evaluation period. The branches closed were located in low-income census tracts, while the branches opened were located in middle- and upper-income census tracts.

UPBNA's hours and services offered do not vary in a way that inconveniences the assessment area.

#### **Community Development Services**

Overall, UPBNA provides an adequate level of services in its assessment areas related to the provision of financial services whose purpose is community development.

Community development services include providing technical assistance on financial matters to nonprofit organizations who serve low- and moderate-income individuals/families and to other groups or small businesses, which promote community revitalization, community development, or affordable housing. Officers and employees of UPBNA provide financial planning and expertise to community organizations and provide homeownership counseling to individuals and groups, primarily focusing on

those in low- and moderate-income categories. All of these services benefit the bank's assessment area.

Services provided include Homebuyer Education Programs, Banking Basics financial education presentations, Small Business Seminars, Credit and Financial Counseling, and Technical Assistance to Non-Profit Organizations through board or committee participation.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of the bank's performance under the Service Test, the ratings performance in the Evansville, IN-Henderson, KY MSA (IN 11) and one non-MSA AA (IN 08) is not inconsistent with the bank's overall Low Satisfactory performance under the service test.

The bank's ratings in the remaining limited-scope areas are stronger than the bank's overall Low Satisfactory state performance. The stronger performances are due to the number of banks/branches being near to, equaling, or exceeding the geography's population in the low- and moderate-income tracts.

Refer to Table 15 in the state of Indiana section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Iowa

**CRA Rating for Iowa:** Satisfactory

**The Lending Test is rated:** Low Satisfactory

**The Investment Test is rated:** Low Satisfactory

**The Service Test is rated:** High Satisfactory

#### Lending Test

- UPBNA has demonstrated an adequate responsiveness to credit needs in the Waterloo-Cedar Falls MSA assessment area (AA).
- The geographic distribution of reportable loans was adequate and the borrower distribution is good with no unexplained gaps in lending.
- The level of community development lending reflects a good responsiveness to identified needs and has a positive effect on the overall lending rating.

#### Investment Test

- The level of Investments reflects an adequate responsiveness to the needs of the AA.

#### Service Test

- Service delivery systems are accessible to essentially all portions of the bank's AAs.
- Community development services support the bank's other community development efforts and address identified needs in the community.

### Description of Institution's Operations in Iowa

Refer to the Market Profile for the Waterloo-Cedar Falls MSA in Appendix C for detailed demographics and other performance context information. UPBNA has 22 branches, and \$519 thousand in deposits in the state of Iowa. This represents 2% of total UPBNA deposits. UPBNA is the 4<sup>th</sup> largest financial institution in the state of Iowa based on the June 30, 2002, FDIC Summary of Deposits with a market share of 1.0%.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Lending Test in Iowa is Low Satisfactory. Based on a full-scope review of the Waterloo-Cedar Falls MSA AA, the bank's performance is adequate.

### **Lending Activity**

Refer to Table 1 in the state of Iowa section of Appendix D for the facts and data used to evaluate the bank's lending activity.

UPBNA's lending activity demonstrates an adequate responsiveness to the credit needs of its AA. UPBNA's deposit market share of 20% (\$249 million) ranks 3<sup>rd</sup> among 11 financial institutions with offices in the Waterloo-Cedar Falls MSA. Those institutions with a greater market share include U.S. Bank and Wells Fargo Bank, which captured 22% and 21%, respectively, and are significantly larger than UPBNA in total assets.

Approximately 46% of the number and 48% of the dollar amount of UPBNA's reported loans were home mortgage-related loans in the Waterloo-Cedar Falls AA.

Approximately 29% of the number and 30% of the dollar amount were small loans to businesses. Among the home mortgage loans originated in the Waterloo-Cedar Falls AA, approximately 50% were home mortgage refinances and 40% were for home purchase loans.

Business lending activity is good. UPBNA reported 974 business loans totaling \$100 thousand over the evaluation period. Forty-five percent of all reported small loans to businesses and 97% of all reported 2002 small loans to businesses were originated in the Waterloo-Cedar Falls AA. Seventy-one of the small business loans were made to businesses with revenues less than \$1 million. UPBNA ranked 5<sup>th</sup> in small business market share among 3,284 lenders in the Waterloo-Cedar Falls MSA.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was adequate. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A majority of its loans were made in its AA.

### ***Home Mortgage Loans***

Refer to Tables 2 and 4 in the state of Iowa section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations.

## **Home Purchase Loans**

UPBNA's geographic distribution of *home purchase loans* was adequate. The percent of home purchase loans originated in the low-income geographies is significantly lower than the percent of owner-occupied housing units in those geographies. The percent of home purchase loans originated in the moderate-income geographies exceeded the percent of owner-occupied housing units in those geographies. UPBNA's market share of home purchase loans in low-income census tracts was significantly lower than its overall market share, while the market share of loans in moderate-income census tracts exceeded its overall market share.

## **Refinance Loans**

UPBNA's geographic distribution of *refinance loans* was poor. The percent of refinance loans in both low- and moderate-income geographies was lower than the percent of owner-occupied housing units in those geographies. UPBNA's market share of refinance loans in low-income tracts was lower than its overall market share, while the market share of loans in moderate-income tracts was somewhat lower than its overall market share.

## **Small Business Loans**

Refer to Table 6 in the state of Iowa section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's small business loan originations.

The bank's overall geographic distribution of small loans to businesses was adequate.

The bank's small loans to business in low-income census tracts was adequate. The percent of small loans to businesses in low-income census tracts is somewhat lower than the percentage of businesses located within these designated tracts. Small business lending in moderate-income census tracts was good. The percentage of small loans to businesses in moderate-income census tracts was near to or equals the percentage of businesses located in these tracts. UPBNA's market share of loans to small businesses in low-income census tracts was somewhat lower than its overall market share while the market share of loans to small businesses in moderate-income census tracts exceeds its overall market share.

## **Lending Gap Analysis**

Our review included evaluation of UPBNA's geographic distribution of home mortgage loans and small loans to businesses. This was done using maps and reports showing the bank's lending in each census tract. No unexplained conspicuous gaps in lending were identified.



### ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The bank's overall borrower distribution of home mortgage loans was good. The distribution of home mortgage loans by borrower income level was adequate. The distribution of small loans to businesses was excellent. A majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the state of Iowa section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations.

### **Home Purchase Loans**

The percent of home purchase loans to low- and moderate-income individuals was excellent. The percent of home purchase loans to low- and moderate-income borrowers exceeded the percent of low-income families in the AA. Market share data shows home purchase loans to low- and moderate-income borrowers exceeded its overall market share.

### **Refinance Loans**

The percent of refinance loans to low-income individuals was adequate. The percent of home purchased refinance loans to low- and moderate-income borrowers was somewhat lower than the percent of low-income families in the AA. Market share data shows home purchased refinance loans to low- and moderate-income borrowers was somewhat lower than its overall market share.

### ***Small Business Loans***

Refer to Table 11 in the state of Iowa section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small business loan originations.

UPBNA's lending to businesses with revenues of \$1 million or less is excellent. The bank's percentage of reportable loans made to businesses with this revenue size exceeds the percentage of businesses with revenues of \$1 million or less. The percent of loans of \$100,000 or less exceeds the bank's overall market share for small loans to all businesses in the MSA. Market share data reflects UPBNA ranks 5<sup>th</sup> among 1,062 lenders in the number of loans made to businesses with revenues of \$1 million or less.

This market share of loans to small businesses with revenues less than \$1 million exceeds the bank's overall market share for small business loans.

## **Community Development Lending**

Refer to Table 1 in the state of Iowa section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

Community development (CD) lending had a positive impact on the Lending Test conclusions. Community contacts identified affordable housing as the primary need in the area. UPBNA demonstrated a good level of responsiveness to the needs of the Iowa MSA AA. For example, UPBNA originated two loans totaling \$915 thousand to ACN Southern Hills Partners. This company provides affordable multifamily housing for low- and moderate-income individuals and families. In addition, these projects can qualify for Federal Low Income Housing Tax credits.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permit minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97, which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, we determined the performance is not always consistent with the bank's overall Low Satisfactory lending test performance in Iowa. Overall, limited scope reviews indicate there are some portions of the lending test that are stronger than the overall state performance.

The performance in the AAs of Cedar Rapids MSA (IA 01), Des Moines MSA (IA 02) and 3 contiguous non-MSA counties (IA 07) is not inconsistent with the bank's overall Low Satisfactory performance under the Lending Test in the Waterloo-Cedar Falls MSA AA. The ratings in the AAs of Iowa City MSA (IA 03) and the 3 contiguous non-MSA counties (IA 05 and IA 06) are stronger when compared to the overall state

performance. The stronger ratings are attributed to the bank's excellent small loans to business' lending opportunities in these geographies.

Refer to the Tables 1-12 in the state of Indiana section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Waterloo-Cedar Falls MSA AA is excellent. Refer to Table 14 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Qualified investments are investments, deposits, membership shares or grants that have as their primary purpose "Community Development, as defined in the CRA regulation. UPBNA does not have any complex or innovative investments. All of the investments consist of grants/donations amounting to \$33 thousand made to organizations providing social services and assistance targeting low- and moderate-income individuals and families.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of the bank's performance under the Investment Test, the ratings in the AAs of Des Moines MSA (IA 02) and 4 non-MSA counties (IA 06 and IA 07) are not inconsistent with the bank's overall Low Satisfactory state performance under the Investment Test. The ratings in the AAs of the Iowa City MSA (IA 03) and the 2 non-MSA counties (IA 05) are weaker than the overall state performance. The weaker ratings are attributed to the bank's limited opportunities for investments, grants and donations in these geographies. Refer to Table 14 in the state of Iowa section of Appendix D for the facts and data that support these conclusions.

## **SERVICES TEST**

The bank's performance under the Service Test for Iowa is High Satisfactory. Based on the full-scope review of the Waterloo-Cedar Falls MSA AA, the bank's performance is adequate.

## **Conclusions for Areas Receiving Full-Scope Reviews**

### **Retail Banking Services**

Refer to Table 15 in the state of Iowa section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery systems and branches opened and closed during the review period.

UPBNA's delivery systems are accessible to essentially all portions of the institution's AAs. The bank operates a total of 8 full service branches and 1 limited service branch in the full-scope AA. The distribution of branches is good in the low-income geographies and adequate in the moderate-income geographies. The low-income tracts in the full-scope AA have 4% of the population and 33% of the bank's branches, while the moderate-income tracts have 17% of the population and 11% of the bank's branches.

Fourteen ATMs supplement UPBNA's Waterloo-Cedar Falls AA delivery system. The dispersion of the ATMs represents a good distribution across the AA, particularly in the low- and moderate-income CTs. Three ATMs, 21% of the total, are situated in low-income geographies where 4% of the population resides. Two ATMs, 14% of the total, are located in moderate-income geographies where 17% of the population resides. All ATMs are available 24-hours a day, seven days a week.

UPBNA's record of opening and closing branches has not adversely affected the provision of financial services. There were no branch opening or closings during this evaluation period.

UPBNA's hours and services offered do not vary in a way that inconveniences the assessment area.

### **Community Development Services**

Overall, UPBNA provides an adequate level of services in its assessment areas related to the provision of financial services whose purpose is community development.

Community development services include providing technical assistance on financial matters to nonprofit organizations who serve low- and moderate-income individuals/families and to other groups or small businesses, which promote community revitalization, community development, or affordable housing. Officers and employees of UPBNA provide financial planning and expertise to community organizations and provide homeownership counseling to individuals and groups, primarily focusing on those in low- and moderate-income categories. All of these services benefit the bank's assessment area.

Services provided include Homebuyer Education Programs, Banking Basics financial education presentations, Small Business Seminars, Credit and Financial Counseling,

and Technical Assistance to Non-Profit Organizations through board or committee participation.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of the bank's performance under the Service Test, the bank's performance in all of the limited-scope areas are stronger or weaker than the overall good performance in the state of Iowa.

The stronger performances in the Des Moines MSA AA was due to the number of branches exceeding the geography's population in both low- and moderate-income census tracts. The weaker performances in the AAs of Cedar Rapids MSA (IA 01), Iowa City MSA (IA 03), and 3 non-MSA counties (IA 07) was due to limited to no branches in these geographies when compared to the population in the low- and moderate-income geographies. The performance in IA 01 and IA 07 were significantly lower than the geography's populations in both the low- and moderate-income census tracts. The performance in IA 03 was significantly lower than the geography's population in the low-income census tracts, while it exceeded the geography's population in the moderate-income census tracts.

Refer to Table 15 in the state of Iowa section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Kentucky

<b>CRA Rating for Kentucky:</b>	<u>Satisfactory</u>
<b>The lending test is rated:</b>	<u>Low Satisfactory</u>
<b>The investment test is rated:</b>	<u>Low Satisfactory</u>
<b>The service test is rated:</b>	<u>High Satisfactory</u>

#### Lending Test

- Good responsiveness to credit needs in its assessment areas, taking into account the number and amount of home mortgage and small loans to businesses.
- An adequate geographic distribution of loans in its assessment area.
- A good distribution, particularly in its AA(s), of loans among individuals of different income levels.
- An excellent record of serving the credit needs of businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- An adequate level of community development loans within the assessment area.

#### Investment Test

- An adequate level of investments given the opportunities available in the AA.

#### Service Test

- Delivery systems are readily accessible to all portions of the AA, particularly moderate-income geographies.
- UPBNA actively participates with organizations that provide community development services.

### Description of Institution's Operations in Kentucky

Refer to the Market Profile for the state of Kentucky in Appendix C for detailed demographics and other performance context information. UPBNA has 29 branches and \$1 billion in deposits. This represents 4.4% of total UPBNA deposits. UPBNA is the 10<sup>th</sup> largest financial institution in the state of Kentucky based on the June 30, 2002, FDIC Summary of Deposits with a 1.8% market share.

## **LENDING TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the Lending Test in Kentucky is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the KY 05 - 06 Non-MSA Counties AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Kentucky section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited adequate responsiveness to credit needs in its assessment area, taking into account the number and amount of home mortgage and small loans to businesses originated in its AA. At June 30, 2002, UPBNA ranked first with a 27.59% market share of deposits among 15 financial institutions in the AA.

UPBNA adequately serves the credit needs of economically disadvantaged areas in its AA. There are no low-income geographies in the AA, and there are only five moderate-income geographies. The percent of owner-occupied housing units in moderate-income geographies is low; therefore, opportunities are limited for home mortgage loans in these geographies.

UPBNA ranked second among 176 HMDA reporters with a 14.71% overall market share of home mortgage loans. For home purchase loans, the bank ranked second with an 11.95% market share. And for refinance loans, UPBNA ranked first with a 15.95% market share. The bank ranked second with an 11.5% market share in moderate-income geographies. The bank ranked second with a 13.68% market share to low-income borrowers. UPBNA also ranked second with a 16.07% market share to moderate-income borrowers.

UPBNA ranked eighth among 54 CRA reporters with a 4.15% market share in small loans to businesses. The bank ranked fifth with a 9.87% market share of small loans to businesses with gross annual revenues of \$1 million or less.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was good. There are no unexplained conspicuous gaps in the bank's lending patterns throughout the AA.

Our analysis was based on the geographic distribution of home mortgage (home purchase and refinance loans) and small loans to businesses in moderate-income tracts. There were no low-income tracts in the AA.

## **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the state of Kentucky section of Appendix D for the facts and data used to evaluate geographic distribution of the bank's home mortgage loan originations/purchases.

## **Home Purchase Loans**

The geographic distribution of *home purchase* loans was adequate. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The percent of owner-occupied housing units in moderate-income geographies was low; therefore, there was little opportunity to originate home mortgage loans. The bank's market share of home purchase loans in moderate-income geographies was somewhat lower than the bank's overall market share of home purchase.

## **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share for the percent of refinance loans in moderate-income geographies was near to the overall market share for refinance loans.

## **Small Loans to Businesses**

Refer to Table 6 in the state of Kentucky section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was good. The percent of small loans to businesses in moderate-income geographies was near to the percent of businesses located in moderate-income geographies. UPBNAs market share for small loans to businesses in moderate-income geographies exceeded its overall market share of small loans to businesses.

## **Lending Gap Analysis**

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified. All geographies were penetrated throughout the AA.



## **Inside/Outside Ratio**

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

## **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A majority of small loans to businesses were to businesses with revenues of \$1 million or less.

We considered the following factors in evaluating the bank's performance in lending to borrowers of different incomes and businesses of different sizes: the percent of low-income families below the poverty level, the availability of affordable housing in the AA, the number of businesses located in the AA, and competition from other lenders.

## **Home Mortgage Loans**

Refer to Tables 8, 9, and 10 in the state of Kentucky section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

## **Home Purchase Loans**

The distribution of *home purchase* loans by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. UPBNA's percent of home purchase loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The bank's market share for home purchase loans to low- and moderate-income borrowers is near to its overall market share for home purchase loans.

## **Refinance Loans**

The distribution of refinance loans by income level of the borrower in the AA was adequate. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The market share to low-income borrowers was near to the bank's overall market share for refinance loans. The market share for moderate-income borrowers exceeded the bank's overall market share for refinance loans.

## **Small Loans to Businesses**

Refer to Table 11 in the state of Kentucky section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses in the AA was excellent. The bank's percentage of small loans to small businesses (business with revenues of \$1 million or less) exceeded the percent of small businesses in the AA. UPBNA's market share for businesses with revenues of \$1 million or less exceeded its overall market share for small loans to businesses. A substantial majority of the bank's small loans to businesses originated at \$100,000 or less.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Kentucky section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

During the evaluation period, UPBNA originated seven loans in the AA totaling \$95 thousand. These loans helped to revitalize and stabilize an economically depressed business center and provided affordable housing to low- and moderate-income families. This level of community development lending had a positive impact on lending performance. Refer to the Market Profile section for details on needs and opportunities.

## **Product Innovation and Flexibility**

UPBNA's use of flexible loan programs positively impacted its Lending Test performance. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permit minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97, which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the KY 01 – 02 Non-MSA Counties and KY 03 - 04 Non-MSA Counties is not inconsistent with the bank's overall Low Satisfactory performance under the lending test in the KY 05 – 06 Non-MSA Counties. Refer to the Tables 1-12 in the state of Kentucky section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the investment test in Kentucky is rated Low Satisfactory. Based on a full-scope review, the bank's performance is adequate.

Refer to Table 14 in the state of Kentucky section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

UPBNA has an adequate level of qualified investments in the AA.

During the evaluation period, UPBNA made twenty-six contributions totaling \$95 thousand to community development organizations that provided affordable housing, direct support, services and other activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. The majority of the investments were in the form of grants or donations to various non-profit organizations described above. UPBNA made an equity investment in a limited partnership that constructs and operates multifamily rental housing to low- and moderate-income individuals in rural areas. None of the bank's investments are considered innovative or complex.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the KY 01 – 02 Non-MSA Counties and the KY 03 - 04 Non-MSA Counties is not inconsistent with the bank's overall Low Satisfactory performance under the investment test. Refer to Table 14 in the state of Kentucky section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Area Receiving a Full-Scope Review(s)**

The bank's performance under the service test in Kentucky is rated High Satisfactory. Based on a full-scope review, the bank's performance in the KY 05 - 06 Non-MSA Counties AA is good.

## **Retail Banking Services**

Refer to Table 15 in the state of Kentucky section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch opening and closings.

Service delivery systems are readily accessible to all portions of the AA, particularly in moderate-income geographies or to low- or moderate-income individuals. The percent of bank branches located in moderate-income geographies exceeds the percent of population that resides in moderate-income geographies. During the evaluation period, UPBNA closed one branch in a moderate-income geography and one branch in an upper-income geography. No branches were opened during the evaluation period.

There were a total of 16 branches in the AA of which 14 were full-service branches and two were limited-service branches. Business hours vary by branch location. Some offices and drive-through facilities had Saturday hours. UPBNA had a total of 15 ATMs in which one was located in a moderate-income geography, eight in middle-income geographies, and six in upper-income geographies. The ATM distribution matches the percent of population within each income level of geography. The bank's hours and services offered do not vary in a way that inconveniences the AA.

## **Community Development Services**

UPBNA actively participated with organizations that provided community development services. During the evaluation period, officers and staff contributed services to 25 community development organizations in the AA. Bank employees worked with organizations that provided affordable housing, community service and health care to low- and moderate-income individuals, economic development, and revitalization/stabilization of low- and moderate-income geographies. Bank officers and staff served in the capacity as board members, officers, and provided financial expertise. Bank employees have an ongoing relationship with many of these organizations.

## **Conclusions for Areas Receiving Limited-Scope Review(s)**

Based on limited-scope reviews, the bank's performance under the service test in the KY 01 – 02 Non-MSA Counties and the KY 03 - 04 Non-MSA Counties is not inconsistent with the bank's overall High Satisfactory performance under the services test in the KY 05 – 06 Non-MSA Counties AA. Refer to the Table 15 in the state of Kentucky section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Louisiana

**CRA Rating for Louisiana:** Satisfactory

**The lending test is rated:** Low Satisfactory

**The investment test is rated:** Low Satisfactory

**The Service Test is rated:** Low Satisfactory

#### Lending Test

- Adequate responsiveness to credit needs in its assessment areas, taking into consideration the number and amount of home mortgage, small business and small farm loans in its AA(s).
- A majority of the bank's loans are made in its AAs.
- An adequate geographic distribution of loans in its AAs.
- A good distribution of loans among individuals of different income levels.
- An excellent distribution of loans among businesses of different sizes, given the product lines offered by the bank.
- An excellent record of serving the credit needs of businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- An adequate level of community development loans within the AA.

#### Investment Test

- An adequate level of qualified investments given the available opportunities in the AA.

#### Service Test

- Service delivery systems reasonably accessible to its AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent that changes have been made, UPBNAs opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Adequate participation with organizations that provide community development services to the AA.

### Description of Institution's Operations in Louisiana

Refer to the Market Profiles for the State of Louisiana in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

UPBNA has defined 3 assessment areas (AAs) in Louisiana. Assessment areas are delineated by the political boundaries of the parishes where the bank has its branch locations. The AAs consist of portions of the following metropolitan areas (MA): LA 01 – Baton Rouge MSA, LA 02 - Houma MSA, and LA 03 - New Orleans MSA. The AAs that received a full-scope review are described in detail in the market profile section of this evaluation (Appendix C). All AAs consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies and overall meet the requirements of the CRA regulation.

UPBNA operates 23 branches within the State with deposits totaling \$705 million. This represents 3% of total UBPNA deposits. Based on the June 30, 2002, FDIC Summary of Deposits, UPBNA ranked 4th in the State with a 9% deposit market share.

### **Scope of Evaluation in Louisiana**

UPBNA's overall rating is based primarily on those areas that received a full-scope review. We selected the LA 01 - Baton Rouge MSA AA for full-scope review. This area contained 83% of UPBNA's \$23 million in deposits within the State. Also, approximately 70% of total loan originations and purchases were in this area. Additionally, 78% (18) of the total branches in the State were located in the AA. All other AAs received limited-scope reviews. Refer to Table 1 Lending Volume in Appendix D for more information.

In evaluating performance under the Lending Test and determining how each loan type would be weighted, we considered the bank's business strategy and financial condition, the number and types of loans sampled, and community credit needs identified through discussions with community contacts. Home mortgage and small business lending were given equal weight under the Lending Test. We gave equal weight to the bank's performance in home purchase and home refinance loans. Management indicated that home improvement loan performance was understated because most home improvement loans were originated as home equity lines of credit and were not HMDA reportable. Therefore, an analysis of the geographic and borrower distribution of home improvement loans was eliminated from the Public Evaluation.

We noted during the conducting and review of one community contact made in the AA that many opportunities existed in the bank's market to participate in community development lending, investment, and service activities. The Baton Rouge MSA AA had very high levels of opportunities and capacity for community development. The primary needs identified by the community contact were affordable housing, housing rehabilitation loans and credit education.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Review**

The bank's performance under the lending test in Louisiana is rated Low Satisfactory. Based on a full-scope review, UPBNA's performance in the LA 01 - Baton Rouge MSA AA was adequate.

UPBNA's rating was based primarily on performance in HMDA lending along with performance in small business loan products. HMDA lending was adequate. Small business lending also contributes to lending test performance and was excellent. Community development lending and innovative/flexible loan products targeted towards affordable housing enhanced performance.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Louisiana section of Appendix D for the facts and data used to evaluate the bank's lending activity.

UPBNA exhibited adequate responsiveness to the credit needs in its AA taking into consideration the number and amount of home mortgage, small business and small farm loans originated in its AA. At June 30, 2002, UPBNA ranked 4<sup>th</sup> with a 9% deposit market share among 27 financial institutions in the AA.

The bank ranked 6<sup>th</sup> among 300 HMDA reporters with a 4% overall market share of home mortgage loans; a 4% market share of home purchase loans, a 3% market share of home improvement loans, and a 4% market share of refinance loans. The bank ranked 7<sup>th</sup> with a 6% market share of loans originated in low-income geographies. UPBNA ranked 11<sup>th</sup> with a 3% market share of loans originated in moderate-income geographies. The bank ranked 7<sup>th</sup> with a 3% market share of loans to low- and moderate-income borrowers.

UPBNA ranked 12<sup>th</sup> among 72 CRA reporters with a 9% overall market share in small loans to businesses. The bank ranked 9<sup>th</sup> with a market share of 10% of loans to businesses with annual revenues \$1 million or less. UPBNA ranked 13<sup>th</sup> among 14 CRA reporters with a 1% market share in loans to farms. The bank ranked 13<sup>th</sup> with a 1% market share of loans to farms with annual revenues \$1 million or less.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was poor. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A majority of its loans were made in the AA.

Our analysis was based on the geographic distribution of loans in low- and moderate-income geographies.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was poor. The bank's percent of home purchase loans in low- and moderate-income geographies was lower than the percent of owner-occupied units in low- and moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was lower than the bank's overall market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies was somewhat lower than the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was poor. The bank's percent of refinance loans in low- and moderate-income geographies was lower than the percent of owner-occupied units in low- and moderate-income geographies. The bank's market share of refinance loans in low- and moderate-income geographies was somewhat lower than the bank's overall market share of refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses

The geographic distribution of *small loans to businesses* was good. The percent of small loans to businesses in low-income geographies was somewhat lower than the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies was lower than the percent of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies exceeded its overall market share of loans. The



bank's market share of loans in the moderate-income geographies was somewhat lower than its overall market share of loans.

### ***Lending Gap Analysis***

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54% of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of the CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans to borrowers of different income levels in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A significant majority of small loans to businesses were for amounts less than \$100 thousand.

We considered the following factors in evaluating the bank's performance in lending to low- and moderate-income borrowers: the percent of low- and moderate-income families below the poverty level, the availability of affordable housing in the AA, and competition from other lenders.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was excellent. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was near to or equal to its overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of loans.

## **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was adequate. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers was somewhat lower than the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was somewhat lower than its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near to or equal to its overall market share of loans.

## ***Small Loans to Businesses***

Refer to Table 11 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A significant majority of the bank's small loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Louisiana section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

UPBNA's level of CD lending is good and enhances the overall adequate level of lending in the AA. During the evaluation, UPBNA made a total of 8 CD loans totaling \$6.1 million. The bank originated 5 loans totaling \$807 thousand to construct affordable housing. UPBNA also originated 3 loans totaling \$5.3 million that support non-profit providers of community services targeted to low- and moderate-income individuals and families and promote economic development through the financing of small businesses.

## **Product Innovation and Flexibility**

UPBNA's uses of flexible loan programs. For example, UPBNA established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers and permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment

from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 that permits other sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the LA 02 - Houma MSA AA is not inconsistent with the bank's overall Low Satisfactory performance under the lending test in Louisiana. In the LA 03 - New Orleans MSA AA the bank's performance is stronger than the bank's overall performance in the state. Stronger performance in the New Orleans MSA AA is attributed to an excellent geographic distribution of home mortgage loans in moderate-income geographies. Additionally, in the New Orleans MSA AA the distribution of home purchase loans to borrowers of different income levels was excellent and the distribution of refinance loans was good, especially to moderate-income borrowers. Refer to the Tables 1 through 12 in the State of Louisiana section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the LA 01 - Baton Rouge MSA AA is adequate.

Refer to Table 14 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified investments in the AA. UPBNA exhibited adequate responsiveness to credit and community economic development needs. Refer to the Market Profile section for details on needs and opportunities.

The bank made 44 investments totaling \$1.3 million to community development organizations that provide support, services and activities that impact low- and moderate-income individuals and seek to promote economic development and revitalize low- and moderate-income geographies. None of the investments were innovative or complex. There were 2 qualified prior period investments totaling \$1.1 million. All of the current period investments were grants and contributions; many of these had a good impact on the AA and provided funding that would not be available otherwise and were responsive to available opportunities.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the LA 02 - Houma MSA and the LA 03 - New Orleans MSA AAs is weaker than the bank's overall Low Satisfactory performance in the state. The weaker level of performance in these AAs was attributed to the lack of opportunity for community development investments. Refer to the Tables 14 in the State of Louisiana section of Appendix D for the facts and data that support these conclusions. The weaker level of performance did not impact the overall conclusions under the Investment Test for the State.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Reviews**

The bank's performance under the Service Test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the LA 01 - Baton Rouge MSA AA was adequate.

### **Retail Banking Services**

Refer to Table 15 in the State of Louisiana section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Service delivery systems are reasonably accessible to essentially all portions of the institution's AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. UPBNA operates 18 branches in the AA, which accounts for approximately 83% of the Louisiana deposits and 78% of the total branch network in the State. The distribution of branches in the AA is adequate. The percentage of branches in low-income geographies is near to or equal to the percentage of the population residing in those geographies. In moderate-income geographies, the percentage of branches is somewhat lower than the percentage of the population residing in those geographies.

To the extent changes have been made, its opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, UPBNA opened two branches, one each, in a middle- and upper-income geography. No branches were closed.

The bank's services are tailored to the convenience and needs of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals. UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

The effectiveness of alternative delivery mechanisms in providing retail banking services in low- and moderate-income geographies and to low- and moderate-income

individuals within the AA was good. An analysis of ATM placement indicates that they are accessible to essentially all geographies and individuals of different income levels. UPBNA had a total of 17 ATMs, of which, three were located in a low-income geography, one was in a moderate-income geography, two were in middle-income geographies, and 11 were in upper-income geographies. The percentage of ATMs in low-income geographies exceeds the percentage of the population residing in those geographies. In moderate-income geographies, the percentage of ATMs is lower than the percentage of the population residing in those geographies.

## **Community Development Services**

UPBNA provides an adequate level of community development services. During the evaluation period officers and staff contributed services to 15 community development organizations in the AA. The bank worked with organizations that provided affordable housing, community services targeted to low- and moderate-income individuals, and revitalization/stabilization of low- and moderate-income geographies within the AA. Bank officers and staff served in the capacity of directors, committee members, volunteered their time, and provided technical expertise.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in LA 02 – Houma MSA AA and the LA 03 – New Orleans MSA AA is weaker than the bank's overall Low Satisfactory performance in the state. Weaker performance is attributed to the limited accessibility of branches in moderate-income geographies. Refer to Table 15 in the State of Louisiana section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Mississippi

**CRA Rating for Mississippi:** Satisfactory

**The lending test is rated:** High Satisfactory

**The investment test is rated:** Low Satisfactory

**The Service Test is rated:** Low Satisfactory

#### Lending Test

- Excellent responsiveness to credit needs in its assessment areas (AAs), taking into consideration the number and amount of home mortgage, small business and small farm loans in its AAs.
- A majority of the bank's loans are made in its AAs.
- A good geographic distribution of loans in its AAs.
- A good distribution of loans among individuals of different income levels.
- A good distribution of loans among businesses of different sizes.
- An adequate record of serving the credit needs of businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- An excellent level of community development loans within the AA.

#### Investment Test

- A good level of qualified investments given the available opportunities in the AAs.

#### Service Test

- Service delivery systems are reasonably accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent that changes have been made, UPBNA's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.

## **Description of Institution's Operations in Mississippi**

Refer to the Market Profiles for the State of Mississippi in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

UPBNA has defined nine AAs in Mississippi. Assessment areas are delineated by the political boundaries of the counties where the bank has its branch locations. The AAs consist of portions of the following metropolitan areas (MA): MS 01 – 9 Non MSA Counties AA, MS 02 – Jackson MSA AA, MS 04 – 3 Non MSA Counties AA, MS 06 – 6 Non MSA Counties AA, MS 07 – Hattiesburg MSA AA, MS 09 – Biloxi-Gulfport-Pascagoula MSA AA, MS 10 – 6 Non MSA Counties AA, MS 11 – 4 Non MSA Counties AA, and MS 12 – 11 Non MSA Counties AA. The AAs that received a full-scope review are described in detail in the market profile section of this evaluation (Appendix C). All AAs consist of whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude low- or moderate-income geographies and overall meet the requirements of the CRA regulation.

UPBNA operates 109 branches and 103 ATM sites within the State with deposits totaling \$2.5 million. This represents 10% of total UPBNA deposits. Based on the June 30, 2002, FDIC Summary of Deposits, UPBNA ranked 4<sup>th</sup> in the State of Mississippi among 114 financial institutions with an 8% deposit market share.

## **Scope of Evaluation in Mississippi**

UPBNA's overall rating is based primarily on those areas that received a full-scope review. We selected MS 01 – 9 Non MSA Counties AA, and MS 02 – Jackson MSA AA for a full-scope review. These areas contained 33% of UPBNA's \$23 million in deposits within the State. Also, approximately 31% of total loan originations and purchases were in these areas. All other AAs received limited-scope reviews. Refer to Table 1 Lending Volume in Appendix D for more information.

We noted during the conducting and review of two community contacts made in the AAs that many opportunities existed in the bank's market to participate in community development lending, investment, and service activities. In the MS 01 – 9 Non MSA Counties AA, the contact identified SBA lending as a specific credit need for the AA. In the MS 02 – Jackson MSA AA, loans for affordable housing and flexible small business lending were identified as pressing credit needs.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Mississippi is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the MS 01 – 9 Non MSA Counties AA and the MS 02 – Jackson MSA AA is good.

UPBNA's rating was based primarily on performance in HMDA lending along with performance in small business loan products. HMDA lending was good. Small business lending was good. Community development lending and innovative/flexible loan products targeted towards affordable housing, economic development, revitalization and stabilization of low- and moderate-income geographies had a positive impact on the Lending Test conclusion.

## **Lending Activity**

Refer to Table 1 Lending Volume in the State of Mississippi section of Appendix D for the facts and data used to evaluate the bank's lending activity.

### **MS 01 – 9 Non MSA Counties AA**

UPBNA exhibited good responsiveness to the credit needs in its assessment areas (AAs) taking into consideration the number and amount of home mortgage, small business and small farm loans originated in its AA. At June 30, 2002, UPBNA ranked 1<sup>st</sup> with a 15% deposit market share among 26 financial institutions in the AA.

The bank ranked 1<sup>st</sup> among 192 HMDA reporters with a 15% overall market share of home mortgage loans; a 14% market share of home purchase loans, an 8% market share of home improvement loans, and a 16% market share of refinance loans. The bank ranked 1<sup>st</sup> with a 16% market share of loans originated in low-income geographies. The bank also ranked 1<sup>st</sup> with a 13% market share of loans in moderate-income geographies. UPBNA ranked 2<sup>nd</sup> with an 11% market share of loans to low-income borrowers. The bank ranked 1<sup>st</sup> with a 14% market share of loans to moderate-income borrowers.

UPBNA ranked 4<sup>th</sup> among 45 CRA reporters with a 19% overall market share in small loans to businesses. The bank ranked 3<sup>rd</sup> with a market share of 15% of loans to businesses with annual revenues \$1 million or less. UPBNA ranked 2<sup>nd</sup> among 21 CRA reporters with a 26% market share of loans to farms with annual revenues \$1 million or less.

### **MS 02 – Jackson MSA AA**

UPBNA exhibited good responsiveness to the credit needs in its AA taking into consideration the number and amount of home mortgage, small business and small farm loans originated in its AA. At June 30, 2002, UPBNA ranked 5<sup>th</sup> with a 7% deposit market share among 18 financial institutions in the AA.

The bank ranked 3<sup>rd</sup> among 274 HMDA reporters with a 6% overall market share of home mortgage loans; a 6% market share of home purchase loans, a 1% market share of home improvement loans, and a 6% market share of refinance loans. The bank ranked 3<sup>rd</sup> with a 7% market share of loans originated in low-income geographies. UPBNA also ranked 3<sup>rd</sup> with a 5% market share of loans originated in moderate-income geographies. The bank ranked 4<sup>th</sup> with a 7% market share of loans originated to low-



income borrowers and 3<sup>rd</sup> with a 7% market share of loans originated to moderate-income borrowers.

UPBNA ranked 14<sup>th</sup> among 70 CRA reporters with a 5% overall market share in small loans to businesses. The bank ranked 11<sup>th</sup> with a market share of 4% of loans to businesses with annual revenues \$1 million or less. UPBNA ranked 6<sup>th</sup> among 22 CRA reporters with a 4% market share of loans to farms with annual revenues \$1 million or less.

## **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AAs. A majority of its loans were made in the AAs.

Our analysis was based on the geographic distribution of loans in low- and moderate-income geographies.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in the state of Mississippi section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

## **MS 01 – 9 Non MSA Counties AA**

### **Home Purchase Loans**

The geographic distribution of *home purchase* loans in the AA was good. The bank's percent of home purchase loans in low- and moderate-income geographies was lower than the percent of owner-occupied units in low- and moderate-income geographies. The bank's market share of home purchase loans in low-income geographies exceeded the bank's overall market share. The market share of home purchase loans in moderate-income geographies was somewhat lower than the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was good. The bank's percent of refinance loans in low-income geographies was near to or equal to the percent of owner-occupied units in low-income geographies. The percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in low-income geographies exceeded the bank's overall market share of refinance loans. The bank's market share of refinance loans in moderate-income geographies was near to or equal to the bank's overall market share of refinance loans.

## **MS 02 – Jackson MSA AA**

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was adequate. The bank's percent of home purchase loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies exceeded the bank's overall market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies was near to or equal to the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in low-income geographies was near to or equal to the bank's overall market share of refinance loans. The bank's market share of refinance loans in moderate-income geographies exceeded the bank's overall market share of refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Mississippi section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

## **MS 01 – 9 Non MSA Counties AA**

The geographic distribution of *small loans to businesses* was excellent. The percent of small loans to businesses in low-income geographies exceeded the percent of businesses located in low-income geographies. The percent of small loans to businesses in moderate-income geographies was somewhat lower than the percent of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was near to or equal to its overall market share of loans. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

## **MS 02 – Jackson MSA AA**

The geographic distribution of *small loans to businesses* was adequate. The percent of small loans to businesses in low- and moderate-income geographies was lower than the

percent of businesses located in low- and moderate-income geographies. The bank's market share of loans in the low-income geographies exceeded its overall market share of loans. The bank's market share of loans in the moderate-income geographies was somewhat lower than its overall market share of loans.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the full-scope AAs to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AAs. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54% of the loans originated and purchase by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of the CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans to borrowers of different income levels was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was excellent. A significant majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Mississippi section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **MS 01 – 9 Non MSA Counties AA**

#### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was adequate. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers was near to or equal to the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was somewhat lower than its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near to or equal to its overall market share of loans.

## **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was poor. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers was somewhat lower than the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers was somewhat lower than its overall market share of loans.

## **MS 02 – Jackson MSA AA**

### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was excellent. The bank's percent of home purchase loans to low- and moderate-income borrowers exceeded the percent of low- and moderate-income families in the AA. The bank's market share of loans to low- and moderate-income families exceeded its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income families was somewhat lower than its overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of loans.

### ***Small Loans to Businesses***

Refer to Table 11 in the State of Mississippi section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

## **MS 01 – 9 Non MSA Counties AA**

The distribution of *small loans to businesses* was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A substantial majority of the bank's small loans to businesses were for amounts less than \$100 thousand.

## **MS 02 – Jackson MSA AA**

The distribution of *small loans to businesses* was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues of \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A majority of the bank's small loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Mississippi section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

UPBNA's level of CD lending is excellent and enhances its overall good level of lending. CD lending has a positive impact on the Lending Test conclusions. During the evaluation period, UPBNA originated 47 loans totaling \$34 million in the areas receiving a full-scope review.

## **MS 01 – 9 Non MSA Counties AA**

UPBNA's level of CD lending is excellent and enhances the overall adequate level of lending in the AA. During the evaluation, UPBNA made a total of 25 CD loans totaling \$18 million. The bank originated 24 loans totaling \$17.2 million to construct affordable housing in the AA. UPBNA also originated one loan totaling \$738 million to finance the construction of a water system in Carroll County, MS. This area is located in the Mississippi Delta Region and is one of the poorest geographical areas in the United States. In Carroll County, approximately 16% of the population and 14% of the families are below the poverty line. Of the total people living in poverty, 17% are under the age of 18 and 24% are 65 or older. The water system revitalizes and stabilizes the AA.

## **MS 02 – Jackson MSA AA**

UPBNA's level of CD lending is excellent and enhances the overall good level of lending in the AA. During the evaluation, UPBNA made a total of 22 CD loans totaling \$16 million. UPBNA originated one loan totaling \$12 million that supports the revitalization and stabilization of the town of Canton, MS and four loans totaling \$4 million to construct affordable housing in the low income AA.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income

homebuyers and permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 that permits other sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the MS 10 – 6 Non MSA Counties AA, In the MS 04 – 3 Non MSA Counties AA, MS 06 – 6 Non MSA Counties AA, MS 07 – Hattiesburg MSA AA, MS 09 – Biloxi-Gulfport-Pascagoula MSA AA, MS 11 – 4 Non MSA Counties AA, and the MS 12 – 11 Non MSA Counties AA is not inconsistent with the bank's overall High Satisfactory performance under the lending test in Mississippi. Refer to the Tables 1 through 12 in the State of Mississippi section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Mississippi is Low Satisfactory. Based on full-scope reviews, the bank's performance in the MS 01 – 9 Non MSA Counties AA and MS 02 – Jackson MSA AA the bank's performance is adequate.

Refer to Table 14 in the state of Mississippi section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **MS 01 – 9 Non MSA Counties AA**

The bank has an adequate level of qualified investments in the AA. UPBNA exhibited adequate responsiveness to credit and community economic development needs. Refer to the Market Profile section for details on needs and opportunities.

UPBNA made 23 investments totaling \$1.2 million to community development organizations that support affordable housing initiatives, provide services and activities that impact low- and moderate-income individuals, and seek to promote economic development by financing small businesses. None of the investments were innovative or complex. There were five prior period equity investments totaling \$206 thousand. The majority of the current period investments were grants and contributions; many of these had good impact on the AA and provided funding that would not be available otherwise and were responsive to available opportunities.

## **MS 02 – Jackson MSA AA**

The bank has an adequate level of qualified investments in the AA. UPBNA exhibited adequate responsiveness to credit and community economic development needs. Refer to the Market Profile section for details on needs and opportunities.

UPBNA made 62 investments totaling \$2.3 million to community development organizations that support affordable housing initiatives, provide services and activities that impact low- and moderate-income individuals, promote economic development, and seek to revitalize and stabilize low- and moderate-income geographies. None of the investments were innovative or complex. There were eight prior period equity investments totaling \$2 million were prior period investments. All of the current period investments were grants and contributions; many of these had good impact on the AA and provided funding that would not be available otherwise and were responsive to available opportunities.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the MS 10 – 6 Non MSA Counties AA is stronger than the bank's overall Low Satisfactory performance under the Investment Test in Mississippi. The strong level of performance is principally due to the bank's current period investment in an affordable housing project in the AA totaling \$4.5 million. In the MS 04 – 3 Non MSA Counties AA, MS 06 – 6 Non MSA Counties AA, MS 07 – Hattiesburg MSA AA, MS 09 – Biloxi-Gulfport-Pascagoula MSA AA, MS 11 – 4 Non MSA Counties AA, and the MS 12 – 11 Non MSA Counties AA the bank's performance is weaker than the bank's overall performance in the state. The weaker level of performance in these AAs was attributed to the lack of opportunity for community development investments. Based on the lack of opportunities for CD investments, the overall rating was not affected by this weaker performance. Refer to Table 14 in the State of Mississippi section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the Service Test in Louisiana is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the MS 01 – 9 Non MSA Counties AA was good and in the MS 02 – Jackson MSA AA the bank's performance was adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Mississippi section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

## **MS 01 – 9 Non MSA Counties AA**

Service delivery systems are accessible, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. UPBNA operates 22 branches in the AA, which accounts for approximately 18% of the Mississippi deposits and 20% of the branch network in the State. The distribution of branches in the AA is good. The percentage of branches in low-income geographies is near to or equal to the percentage of the population residing in those geographies. In moderate-income geographies, the percentage of the branches is also near to or equal to the percentage of the population residing in those geographies.

To the extent changes have been made, its opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, UPBNA closed six branches. One branch was closed in a low-income geography, three were closed in a moderate-income geography, and two were closed middle-income geographies. No branches were opened during the same time period. The remaining branches adequately provide services in the AA.

## **MS 02 – Jackson MSA AA**

Service delivery systems are reasonably accessible to the institution's AA, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. UPBNA operates 19 branches in the AA, which accounts for approximately 16% of the Mississippi deposits and 17% of the branch network in the State. The distribution of branches in the AA is adequate. The percentage of branches in low-income geographies exceeds the percentage of the population residing in those geographies. In moderate-income geographies, the percentage of the branches is lower than the percentage of the population residing in those geographies.

To the extent changes have been made, its opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, UPBNA opened one branch and closed two branches in moderate-income geographies. The remaining branches adequately provide services in the AA.

Bank-wide the bank's services are tailored to the convenience and needs of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals. UPBNA's hours and services offered do not vary in a way that inconveniences the AA.



## **Community Development Services**

### **MS 01 – 9 Non MSA Counties AA**

UPBNA provides an adequate level of community development services. During the evaluation period officers and staff contributed services to 12 community development organizations in the AA. The bank worked with organizations that provided affordable housing and community services targeted to low- and moderate-income individuals, seek to promote economic development by financing small businesses and revitalization/stabilization of low- and moderate-income geographies within the AA. Bank officers and staff served in the capacity of directors, committee members, volunteered their time, and provided technical expertise.

### **MS 02 – Jackson MSA AA**

UPBNA provides a good level of community development services. During the evaluation period officers and staff contributed services to 39 community development organizations in the AA. The bank worked with organizations that provided affordable housing and community services targeted to low- and moderate-income individuals, seek to promote economic development by financing small businesses and revitalization/stabilization of low- and moderate-income geographies within the AA. Bank officers and staff served in the capacity of directors, committee members, volunteered their time, and provided technical expertise.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the MS 07 – Hattiesburg MSA AA, MS 11 – 4 Non MSA Counties AA, MS 04 – 3 Non MSA Counties AA, MS 06 – 6 Non MSA Counties AA, MS 09 – Biloxi-Gulfport-Pascagoula MSA AA, and the MS 10 – 6 Non MSA Counties AA is not inconsistent with the bank's overall Low Satisfactory performance under the Service Test in Mississippi. The strong level of performance is attributed to the fact that the percentage of branches in low- and moderate-income geographies exceeds the percentage of the population residing in those geographies. In the MS 12 – 11 Non MSA Counties AA, the bank's performance is weaker than the bank's overall performance in the state. The weak level of performance in this AA is attributed to the fact that the percentage of branches in the moderate-income geographies is lower than the percentage of the population residing in those geographies. Refer to Table 15 in the State of Mississippi section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Missouri

CRA Rating for Missouri: Satisfactory

The lending test is rated: Low Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Low Satisfactory

#### Lending Test

- An adequate geographic distribution of loans in its assessment area (AA).
- A good distribution of loans among individuals of different income levels and businesses of different sizes.
- An adequate level of community development loans.

#### Investment Test

- An adequate level of community development investments.
- An adequate responsiveness to community development needs.

#### Service Test

- Service delivery systems are reasonably accessible to its AA.
- A poor level community development services.

### Description of Institution's Operations in Missouri

Refer to the market profiles for the Columbia MSA and Springfield MSA in the state of Missouri in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

UPBNA has over \$789.3 million of deposits and 41 branches in its operations in Missouri. This represents 3% of the bank's total deposits. UPBNA is the 5<sup>th</sup> largest financial institution in Missouri. The St. Louis, MO-II MSA is not included in the figures as it is a separate multi-state MSA. Based on the June 30, 2002 FDIC Summary of Deposits, UPBNA ranked 5<sup>th</sup> in the state with a 2.8% deposit market share.

### Scope of Evaluation in Missouri

The Columbia MSA and the Springfield MSA were selected for a full-scope evaluation. The Columbia MSA and the Springfield MSA represent 18% of total deposits and 24% of loans in Missouri. Refer to the table in Appendix A for more information. The ratings for the state of Missouri are primarily based on the results of the areas receiving full-scope reviews. The remaining non-MSA AAs were reviewed on a limited scope basis.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Missouri is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Columbia MSA and the Springfield MSA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Missouri section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited adequate responsiveness to credit needs in the assessment areas (AAs), taking account the number and amount of home mortgage, refinanced and small business loans originated in its AAs. At June 30, 2002, the bank ranked 7<sup>th</sup> with 3.61% market share of deposits among 14 financial institutions in the Columbia MSA and 13<sup>th</sup> with 1.88% market share of deposits among 34 financial institutions in Springfield MSA.

### **Columbia MSA**

The bank ranked 4<sup>th</sup> among 212 HMDA reporters with a 5.86% overall market share of home mortgage loans; a 5.62% market share of home purchase loans and a 5.98% market share of refinance loans. The bank is not ranked with less than a 10<sup>th</sup> of a percent of market share of loans originated in low-income geographies. While low-income census tracts (CTs) represent 17.24% of CTs the owner occupancy rate is 2.42% of the geography. The rental occupancy rate is 92% and the families below the poverty level represents 51%. This limits the opportunities to make home mortgage loans in the geography.

The bank ranked 4<sup>th</sup> with a 7.33% market share of loans originated in moderate-income geographies. The bank ranked 5<sup>th</sup> with a 6.05% market share of loans to low-income borrowers. The bank ranked 4<sup>th</sup> with 7.91% market share of loans to moderate-income borrowers.

The bank ranked 12<sup>th</sup> among 54 CRA Reporters with a 1.05% market share in loans to businesses. The bank ranked 10<sup>th</sup> with a 1.46% market share of loans to businesses with revenues of \$1 million or less.

### **Springfield MSA**

The bank ranked 16<sup>th</sup> among 285 HMDA reporters with a 1.76% overall market share of home mortgage loans; a 1.22% market share of home purchase loans and a 2.00% market share of refinance loans. The bank ranked 19<sup>th</sup> with a 1.24% market share of

loans originated in low-income geographies. While low-income census tracts (CTs) represent 3.23% of CTs the owner occupancy rate is 3.60% of the geography. The rental occupancy rate is 85% and the families below the poverty level represents 43%. This limits the opportunities to make home mortgage loans in the geography. The bank ranked 19<sup>th</sup> with a 1.24% market share of loans originated in moderate-income geographies. The bank ranked 13<sup>th</sup> with a 1.68 % market share of loans to low-income borrowers. The bank ranked 18<sup>th</sup> with a 1.59 % market share of loans to moderate-income borrowers.

The bank ranked 16<sup>th</sup> among 60 CRA Reporters with a 1.18% market share in loans to businesses. The bank ranked 9<sup>th</sup> with a 2.74% market share of loans to businesses with revenues of \$1 million or less.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A substantial majority of its loans were made in its AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of Missouri section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Columbia MSA**

#### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was adequate. The bank's percent of home purchase loans in low-income geographies is somewhat lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was significantly lower than the bank's overall market share of home purchase. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's overall market share of home purchase loans.

#### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low-income geographies is lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance

loans in moderate-income geographies is somewhat lower than the percent of owner-occupied units in low- and moderate-income geographies.

The bank's market share of refinance loans in low-income geographies is significantly lower than the bank's overall market share of refinance loans. The bank's market share of refinanced loans in moderate-income geographies exceeded the bank's overall market share of refinanced loans.

## **Springfield MSA**

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was adequate. The bank's percent of home purchase loans in low-income geographies exceeded the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was significantly lower than the bank's overall market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies was near to the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was poor. The bank's percent of refinance loans in low-income geographies was significantly lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance loans in moderate-income geographies was lower than the percent of owner-occupied units in low- and moderate-income geographies. The bank's market share of refinance loans in low-income geographies was significantly lower than the bank's overall market share of refinance loans. The bank's market share of refinance loans in moderate-income geographies was somewhat lower than the bank's overall market share of refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Missouri section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

## **Columbia MSA**

The geographic distribution of *small loans to businesses* was good. The percentage of small loans to businesses in low-income geographies exceeded the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies was lower than the percentage of businesses located in moderate-income geographies. The bank's market share of

loans in the low-income geographies exceeded its market share of loans. The bank's market share of loans in the moderate-income geographies was significantly lower than its overall market share of loans.

### **Springfield MSA**

The geographic distribution of *small loans to businesses* was adequate. The percentage small loans to businesses in low-income geographies are somewhat lower than the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies was lower than the percentage of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was somewhat lower than its overall market share of loans. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

### ***Lending Gap Analysis***

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was good. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Missouri section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

## **Columbia MSA**

### **Home Purchase Loans**

The distribution of *home purchase* loans by the income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by the income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was near to its overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of loans.

## **Springfield MSA**

### **Home Purchase Loans**

The distribution of *home purchase* loans by the income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers was near to its overall market share of loans. The bank's market share of loans to moderate-income borrowers was somewhat lower than its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by the income level of the borrower in the AA was adequate. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance home purchase loans to moderate-income borrowers was near to the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers was near to its overall market share of loans.

## **Small Loans to Businesses**

Refer to Table 11 in the state of Missouri section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### **Columbia MSA**

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A substantial majority of the bank's loans to businesses were for amounts less than \$100 thousand.

### **Springfield MSA**

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A substantial majority of the bank's loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Missouri section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

### **Columbia MSA**

The bank had an adequate level of community development loans. During the evaluation period the bank made four qualified community development loans, totaling \$3.2 million, in the Columbia MSA. Four of the loans were affordable housing projects. This had a positive impact on lending performance.

### **Springfield MSA**

The bank did not have any community development loans in the Springfield MSA. This had a neutral impact on the lending performance.



## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyer that permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the MO 02, MO 06, MO 07, MO 08 and MO 09 non-MSAs is not inconsistent with the bank's overall Low Satisfactory performance under the lending test in Missouri. Refer to the Tables 1 through 12 in the state of Missouri section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Missouri is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Columbia MSA and the Springfield MSA is adequate.

Refer to Table 14 in the state of Missouri section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **Columbia MSA**

The bank has an adequate level of qualified investments in the AA. The bank made \$11.8 thousand in grants and donations to community groups. There were seven qualified prior period investments totaling \$314 thousand. The bank has exhibited an adequate responsiveness to community development needs. The bank's investments support needs identified and discussed in the profile in Appendix C for the Columbia MSA.

## **Springfield MSA**

The bank has an adequate level of qualified investments in the AA. The bank made \$35 thousand in grants and donations to community groups. The bank has one affordable housing tax credit for \$2.1 million. There were seven qualified prior period investments totaling \$1.2 million. The bank has exhibited an adequate responsiveness to community development needs. The bank investments support needs identified and discussed in the profile in Appendix C for the Columbia MSA.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in MO 02, MO 07, MO 08 and MO 09 non-MSAs is not inconsistent with the bank's overall Low Satisfactory performance under the investment test in Missouri. The MO 06 non-MSA did not any investments. Refer to the Table 14 in the state of Missouri section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Missouri is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Columbia MSA and the Springfield MSA is adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Missouri section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

## **Columbia MSA**

Service delivery systems are reasonably accessible to its AA. There are no UPBNA branches or ATMs in low-income geographies. The percentage of branches and ATMs in moderate-income tracts exceeds the percentage of the population living in moderate-income tracts.

There were no openings or closings of offices in the Columbia MSA during the evaluation period.

UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

## **Springfield MSA**

Service delivery systems are reasonably accessible to its AA. There are no UPBNA branches or ATMs in low-income geographies. The percentage of branches and ATMs in moderate-income tracts exceeds the percentage of the population living in moderate-income tracts.

One branch in a moderate-income tract and one branch in an upper-income tract were closed during the review period. The branch closings did not appear to have an adverse impact.

UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

## **Community Development Services**

### **Columbia MSA**

UPBNA performance in providing community development services in the Columbia is poor. Officers and staff contributed services to two community groups during the review period.

### **Springfield MSA**

UPBNA performance in providing community development services in the Springfield MSA is poor. Officers and staff contributed services to three community groups during the review period.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the MO 02, MO 06, MO 07, MO 08 and MO 09 non-MSAs is not inconsistent with the bank's overall Low Satisfactory performance under the service test in Missouri. Refer to Table 15 in the state of Missouri section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Tennessee

**CRA Rating for Tennessee:** Satisfactory

**The lending test is rated:** High satisfactory

**The investment test is rated:** Outstanding

**The service test is rated:** High satisfactory

#### Lending Test

- Good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business in its AAs.
- A good geographic distribution of loans in its AAs.
- An excellent distribution, particularly in its AAs, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- A high level of community development loans.

#### Investment Test

- An excellent level of qualified investments.
- Excellent responsiveness to credit and community development needs.

#### Service Test

- Service delivery systems are accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, its opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services do not inconvenience certain parts of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.
- A leadership position in providing community development services.

### Description of Institution's Operations in Tennessee

Refer to the market profiles for the state of Tennessee in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

UPBNA has over \$3.4 billion of deposits and 141 branches in its operations in Tennessee. This represents 15% of bank deposits, ranking number two slightly behind Florida. UPBNA is the 3<sup>rd</sup> largest financial institution in Tennessee and the 4th largest

in Nashville. Based on the June 30, 2002, FDIC Summary of Deposits with a market share of 8%. The Memphis MSA is not included in these figures as it is a separate multi-state MSA.

## **Scope of Evaluation in Tennessee**

As the largest AA, the Nashville MSA was selected for full scope review. In addition, the AA the bank named TN 15 – Four Non-MSA Counties received a full-scope evaluation. These two AAs represent 43% of bank's deposits and 40% of loans in Tennessee. Refer to the table in Appendix A for more information. The ratings for the state of Tennessee are based primarily on the results of the areas receiving full-scope reviews. The remaining MSAs and Non-MSA AAs were reviewed on a limited scope basis.

## **LENDING TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the lending test in Tennessee is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Nashville MSA and the TN 15 – Non-MSA Counties AA was good.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Tennessee section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited good responsiveness to credit needs in its assessment areas (AAs), taking into account the number and amount of home mortgage and small business loans originated in its AAs. At June 30, 2002, the bank ranked 4<sup>th</sup> with a 6% market share of deposits among 41 financial institutions in Nashville MSA and 1<sup>st</sup> with a 22.9% market share of deposits among 18 financial institutions in the TN 15 – Non-MSA Counties.

### **Nashville MSA**

The bank ranked 8th among 538 HMDA reporters with a 3% overall market share of home mortgage loans; a 3% market share of home purchase loans, and a 3% market share of refinance loans. The bank ranked 9th with a 2% market share of loans originated in low-income geographies. The bank ranked 9th with a 3% market share of loans originated in moderate-income geographies. The bank ranked 5th with a 3% market share of loans to low-income borrowers. The bank ranked 8th with a 3% market share of loans to moderate-income borrowers.

The bank ranked 18th among 138 CRA reporters with a 1% market share in loans to businesses. The bank ranked 20th with a 1% market share of loans originated in low-

income geographies. The bank ranked 20th with a 1% market share of loans originated in moderate-income geographies. The bank ranked 11th with a 2% market share of loans to businesses with less than \$1 million gross annual revenues.

### **TN 15 – Four Non-MSA Counties**

The bank ranked 1st among 193 HMDA reporters with a 9% overall market share of home mortgage loans; a 8% market share of home purchase loans, and a 10% market share of refinance loans. There were no low-income geographies. The bank ranked 1st with a 13% market share of loans originated in moderate-income geographies. The bank ranked 1st with a 13% market share of loans to low-income borrowers. The bank ranked 1st with an 11% market share of loans to moderate-income borrowers.

The bank ranked 8th among 44 CRA reporters with a 1% market share in loans to businesses. There were no low-income geographies. The bank ranked 9th with a 4% market share of loans originated in moderate-income geographies. The bank ranked 5th with an 8% market share of loans to businesses with less than \$1 million gross annual revenues.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was good. The geographic distribution of home mortgage loans was good. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA.

We considered the following factors in evaluating the bank's performance in lending in low- and moderate-income geographies. Borrowers with very low incomes (defined here as below poverty level) have a very difficult time qualifying for loans. In the Nashville MSA 67% of families in low-income tracts have income below poverty; 31% of families in moderate-income tracts have income below poverty. While less of a factor in the TN 15 – Four Non-MSA Counties, there were 22% of families in moderate income tracts were below poverty.

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Nashville MSA**

UPBNA's mortgage related lending to individuals in low- and moderate-income census tracts in the Nashville MSA was good.

## **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was good. The bank's percent of home purchase loans in low-income geographies was somewhat lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was near to the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was near to the bank's overall market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's market share of home purchase loans.

## **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of refinance loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in low-income geographies was somewhat lower than the bank's overall market share. The bank's market share of refinance loans in moderate-income geographies was somewhat lower than the bank's market share of refinance loans.

## **TN 15 – Four Non-MSA Counties**

UPBNA's mortgage related lending to individuals in moderate-income census tracts in the TN – Four Non-MSA Counties was excellent. There were no low-income geographies.

## **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was good. The bank's percent of home purchase loans in moderate-income geographies was near the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in moderate-income geographies exceeded the bank's overall market share of home purchase loans.

## **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was excellent. The bank's percent of refinance loans in moderate-income geographies exceeded the percent of owner-occupied units in moderate-income geographies. The bank's market share of refinance loans in moderate-income geographies exceeded the bank's overall market share of refinance loans.

## **Small Loans to Businesses**

Refer to Table 6 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

### **Nashville MSA**

The geographic distribution of *small loans to businesses* was adequate. The percentage of small loans to businesses in low-income geographies was lower than the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies was somewhat lower than the percentage of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was somewhat lower than its overall market share of loans. The bank's market share of loans in the moderate-income geographies was near its overall market share of loans.

### **TN 15 – Four Non-MSA Counties**

The geographic distribution of *small loans to businesses* was good. There were no low-income geographies. The percentage of small loans to businesses in moderate-income geographies was near the percent of businesses located in moderate-income geographies. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

### ***Lending Gap Analysis***

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We used reports and maps to compare the geographies where loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions, and demographic information. No unexplained conspicuous gaps were identified.

### **Inside/Outside Ratio**

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was excellent. The distribution of home mortgage loans by borrower income level was excellent. The distribution of small loans to businesses was excellent. An adequate percentage of small loans to businesses were for amounts less than \$100 thousand.



We considered the following factors in evaluating the bank's performance in lending to low-income borrowers. Borrowers with very low income (defined here as below poverty) were much less likely to qualify for loans. In Nashville MSA 43% of low-income families were below poverty level, while in TN 15 – Four Non-MSA Counties 68% of low-income families were below poverty.

## **Home Mortgage Loans**

Refer to Tables 8, 9 and 10 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Nashville MSA**

UPBNA's mortgage related lending to borrowers with low- and moderate-income levels in the Nashville MSA was excellent.

### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded its overall market share of loans. The bank's market share of loans to moderate-income borrowers near to its overall market share of loans.

### **TN 15 – Four Non-MSA Counties**

UPBNA's mortgage related lending to borrowers with low- and moderate-income levels in the TN15 – Four Non-MSA Counties was good.

### **Home Purchase Loans**

The distribution of *home purchase loans* by income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home

purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded its overall market share of loans. The bank's market share of loans to moderate-income borrowers was near its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was somewhat lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low-income borrowers exceeded its overall market share of loans. The bank's market share of loans to moderate-income borrowers exceeded its overall market share of loans.

### **Small Loans to Businesses**

Refer to Table 11 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

### **Nashville MSA**

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

### **TN 15 – Four Non-MSA Counties**

The distribution of *small loans to businesses* in the AA was excellent. The bank's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeded the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. An adequate percentage of the bank's small loans to businesses were for amounts less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank had a high level of community development loans. This had a positive impact on lending performance but not enough to raise the overall lending test rating. Refer to the Market Profile section for details on needs and opportunities.

### **Nashville MSA**

UPBNA made 33 qualified community development loans totaling over \$4.7 million. Thirty of the loans (\$4.5 million) were for affordable housing projects that benefited low- and moderate-income individuals. An additional three loans (\$ 200 thousand) promoted economic development in the AA. These loans were responsive to identified needs.

### **TN 15 – Four Non-MSA Counties**

The bank made eight qualified community development loans totaling over \$3.7 million. These loans supported affordable housing and were very responsive to community needs.

### ***Product Innovation and Flexibility***

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product is designed for low- and moderate-income homebuyers that permits minimum down payment, low monthly payments, and flexible underwriting criteria. There is no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There is no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

### **Conclusions for Area(s) Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the TN 02, TN 04, TN 08, and TN 09 assessment areas was not inconsistent with the bank's overall High Satisfactory performance under the lending test in the Nashville MSA and TN 15 – Four Non-MSA Counties. The performance in TN 03, TN 06, TN 07, TN 10, TN 11, TN 12, TN 13, and TN 14 was weaker than the full scope areas but was still considered satisfactory. The lending opportunities are more limited in the AAs. Refer to Tables 1 through 12 in the state of Tennessee in Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the investment test in Tennessee is rated Outstanding. Based on a full-scope review, the bank's performance was excellent.

Refer to Table 14 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

#### **Nashville MSA**

The bank had an excellent level of qualified investments in the AA. The bank showed excellent responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities.

The bank made 15 investments in qualified securities totaling \$2.984 million and 94 contributions totaling \$219 thousand to community development organizations that provide direct support, services and activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. There were 18 qualified prior period investments totaling \$4.2 million.

The bank exhibited excellent responsiveness to credit and community development needs. The bank made investments that support needs identified and discussed in the profile found in Appendix C for the Nashville MSA AA.

#### **TN 15 – Four Non-MSA Counties**

The bank had an adequate level of qualified investments in the AA, but was seldom in a leadership position. The bank showed good responsiveness to credit and community development needs. Refer to the Market Profile section for details on needs and opportunities.

The bank made 16 contributions totaling \$18 thousand to community development organizations that provide direct support, services and activities that impact moderate-income geographies and low- and moderate-income individuals in the AA. There were no qualified prior period investments. This level was considered adequate because of the limited opportunities in the AA.

The bank exhibited excellent responsiveness to credit and community development needs. The bank made investments that support needs identified and discussed in the profile found in Appendix C for the TN 15 – Four Non-MSA Counties AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the TN 03, TN 04, TN 07, TN 09, TN 11, TN 12, TN 13, and TN 14 was not inconsistent

with the bank's overall outstanding performance under the lending test in the Nashville MSA. The bank's performance in TN 02, TN 06, TN 08, and TN 10 was weaker than the overall state rating performance. There are fewer opportunities to make qualified investments in these AAs. Refer to Table 14 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

## **SERVICE TEST**

### **Conclusions for Area Receiving a Full-Scope Review**

The bank's performance under the service test in Tennessee is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the AAs is good.

### **Retail Banking Services**

Refer to Table 15 in the state of Tennessee section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Service delivery systems are accessible to its AAs, particularly to low- or moderate-income geographies or to low- or moderate-income individuals. In the *Nashville MSA* there are no branches in low-income tracts in the AA. The percentage of branches in moderate-income tracts exceeded the percentage of such tracts in the AA and the percentage of the population living in moderate-income tracts. In the *TN 15 – Four Non-MSA Counties* AA there are no low-income tracts. The number of branches in moderate-income tracts exceeded the percentage of such tracts in the AA and the percentage of the population living in moderate-income tracts.

To the extent changes have been made, its opening and closing branches has improved the accessibility of its delivery systems in low- and moderate-income geographies and to low- and moderate-income individuals. No branches were closed in low- or moderate- geographies during the evaluation period. In the *Nashville MSA* one branch was opened in moderate-income census and no branches were opened in *TN 15 Four Non-MSA Counties* AA.

The bank's services do not inconvenience certain parts of its AA, particularly low- and moderate-income geographies and low- and moderate-income individuals.

### **Community Development Services**

The bank provides a good level of community development services.

In the *Nashville MSA*, officers and staff contributed services to 85 community development organizations in the AA during the evaluation period. The services include serving on boards of directors and committees and other financial consulting. The organizations provide a broad range of community development services, including

affordable housing, small business development, and community services for low- and moderate-income individuals and geographies. The level is considered excellent because they were very responsive to the identified needs, particularly affordable housing.

In the *TN 15 – Four Non-MSA Counties* AA officers and staff contributed services to 30 community development organizations during the evaluation period. The services include serving on boards of directors and committees and other financial consulting. The organizations provide a broad range of community development services, including affordable housing, small business development, and community services for low- and moderate-income individuals and geographies. The level is considered good because they were responsive to identified needs of affordable housing and other technical assistance while the opportunities were limited.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the limited scope AAs is not inconsistent with the bank's overall High Satisfactory performance under the services test in Tennessee. The performance in TN 12 and TN 14 appears to be stronger than the high satisfactory rating. In both AAs, the bank's percentage of branches in LMI geographies exceeds the population.

## State Rating

### State of Texas

**CRA Rating for Texas:** Satisfactory

**The lending test was rated:** Low Satisfactory

**The investment test was rated:** Low Satisfactory

**The service test was rated:** Low Satisfactory

#### Lending Test

- An adequate geographic distribution of loans in its assessment area (AA).
- A good distribution of loans among individuals of different income levels and businesses of different sizes.
- An adequate level of community development loans.

#### Investment Test

- An adequate level of community development investments.
- An adequate responsiveness to community development needs.

#### Service Test

- Service delivery systems are reasonably accessible to its AA.
- A poor level community development services.

### Description of Institution's Operations in Texas

Refer to the market profiles for the Houston PMSA in the state of Texas in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

UPBNA has over \$551.8 million of deposits and 15 branches in its operations in Texas. The Houston PMSA has six branches. This represents 2% of the bank's deposits of the total deposits. The Houston PMSA represents 54% of the deposits and 75% of the loans in the state. UPBNA was the 53<sup>rd</sup> largest financial institution in Texas. Based on June 30, 2002 FDIC Summary of Deposits UPBNA ranked 53 in the state with .2% deposit market share.

### Scope of Evaluation in Texas

As the largest AA, the Houston PMSA received a full-scope evaluation. Refer to the table in Appendix A for more information. The ratings for the state of Texas are primarily based on the results of AA receiving a full-scope review. The remaining AA received a limited scope review.

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test in Texas was rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Houston PMSA was adequate.

### **Lending Activity**

Refer to Tables 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's lending activity.

The bank exhibited adequate responsiveness to credit needs in the assessment area (AA), taking account the number and amount of home mortgage, refinanced and small business loans originated in its AA. At June 30, 2002, the bank ranked 25<sup>th</sup> with .48% market share of deposits among 75 financial institutions in the AA.

The bank ranked 48<sup>th</sup> among 574 HMDA reporters with a .44% overall market share of home mortgage loans; a .61% market share of home purchase loans and a .25% market share of refinance loans. The bank ranked 63<sup>rd</sup> with a .32% market share of loans originated in low-income geographies. The bank ranked 56<sup>th</sup> with a .38% market share of loans originated in moderate-income geographies. The bank ranked with a .47% market share of loans to low-income borrowers. The bank ranked 40<sup>th</sup> with a .60% market share of loans to moderate-income borrowers.

The bank ranked 33<sup>rd</sup> among 198 CRA Reporters with a .17% market share in loans to businesses. The bank ranked 30<sup>th</sup> with a .34% market share of loans to businesses with revenues of \$1 million or less.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of loans was adequate. The geographic distribution of home mortgage loans was adequate. The geographic distribution of small loans to businesses was good. There were no unexplained conspicuous gaps in the bank's lending patterns throughout its AA. A substantial majority of its loans were made in its AA.



### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### **Home Purchase Loans**

The geographic distribution of *home purchase loans* in the AA was adequate. The bank's percent of home purchase loans in low-income geographies was lower than the percent of owner-occupied units in low-income geographies. The bank's percent of home purchase loans in moderate-income geographies was somewhat lower than the percent of owner-occupied units in moderate-income geographies. The bank's market share of home purchase loans in low-income geographies was near to the bank's overall market share of home purchase loans. The bank's market share of home purchase loans in moderate-income geographies was somewhat lower than the bank's overall market share of home purchase loans.

### **Refinance Loans**

The geographic distribution of *refinance loans* in the AA was adequate. The bank's percent of refinance loans in low- and moderate-income geographies was lower than the percent of owner-occupied units in low- and moderate-income geographies. The bank's market share of refinance loans in low-income geographies was lower than the bank's overall market share of refinance loans. The bank's market share of refinance loans in moderate-income geographies was near to the bank's overall market share of refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Texas section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of *small loans to businesses* was good. The percentage of small loans to businesses in low-income geographies are somewhat lower than the percentage of businesses located in low-income geographies. The percentage of small loans to businesses in moderate-income geographies exceeded the percentage of businesses located in moderate-income geographies. The bank's market share of loans in the low-income geographies was somewhat lower than its market share of loans. The bank's market share of loans in the moderate-income geographies exceeded its overall market share of loans.

### **Lending Gap Analysis**

We evaluated the lending distribution in the AA to determine if any unexplained conspicuous gaps exist. We used reports and maps to compare the geographies where

loans were made to the geographies in the AA. We considered loan distributions, branch locations, competition, market conditions and demographic information. No unexplained conspicuous gaps were identified.

### ***Inside/Outside Ratio***

A majority, 54%, of the loans originated and purchased by UPBNA over the evaluation period were within the bank's AAs. Forty-four percent of the bank's home mortgage loans, 90% of the small loans to businesses and 100% of CD loans were within its AAs.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by borrower income level in the AA was good. The distribution of home mortgage loans by borrower income level was good. The distribution of small loans to businesses was good. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

### ***Home Mortgage Loans***

Refer to Tables 8, 9 and 10 in the state of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The distribution of *home purchase loans* by the income level of the borrower in the AA was good. The bank's percent of home purchase loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

### **Refinance Loans**

The distribution of *refinance loans* by the income level of the borrower in the AA was good. The bank's percent of refinance loans to low-income borrowers was lower than the percent of low-income families in the AA. The bank's percent of refinance loans to moderate-income borrowers exceeded the percent of moderate-income families in the AA. The bank's market share of loans to low- and moderate-income borrowers exceeded its overall market share of loans.

## **Small Loans to Businesses**

Refer to Table 11 in the state of Texas section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of *small loans to businesses* in the AA was good. The bank's percentage of small loans to small businesses (businesses with revenues \$1 million or less) was somewhat lower than the percentage of small businesses in the AA. The bank's market share of small loans to small businesses exceeded its overall market share of small loans to all businesses. A substantial majority of the bank's loans to businesses were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Texas section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

The bank had an adequate level of community development loans. During the evaluation period the bank made nine qualified community development loans, totaling \$2.4 million, in the Houston PMSA. Four of the loans totaling \$1.8 million were affordable housing, two loans were to qualified community service organizations, and three loans totaling \$538 thousand were to revitalize or stabilize the area. This had a positively impact on lending performance.

## **Product Innovation and Flexibility**

UPBNA uses flexible loan programs. For example, UPBNA has established the Self Help Affordable Housing Product to address affordable housing needs in its AAs. The Self Help Affordable Housing Product was designed for low- and moderate-income homebuyer that permits minimum down payment, low monthly payments, and flexible underwriting criteria. There was no private mortgage insurance. UPBNA also offers a variety of Fannie Mae Homebuyer programs that permit a 1%, 3% or 5% down payment from the borrower's own funds or 3% from borrower and 2% from other sources. The bank also has Freddie Mac Affordable Gold Alt 97 which permits sources of funds in addition to borrower's funds for the entire down payment, closing costs and prepaid/escrows. There was no minimum down payment required from the borrower's personal funds. These products are made available to all of the bank's assessment areas and they are all targeted to LMI individuals.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Brazoria PMSA and Galveston-Texas City PMSA was not inconsistent with the bank's overall Low Satisfactory performance under the lending test in Texas. Refer to the Tables 1 through 13 in the state of Texas section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test in Texas was rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Houston PMSA was adequate.

Refer to Table 14 in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate level of qualified investments in the AA. The bank made nine contributions totaling \$34 thousand to community development organizations that provide direct support services and activities that impact low- and moderate-income geographies and individuals in the AA. One investment for \$304 thousand was in healthcare fund for the elderly. There were three qualified prior period investments totaling \$3 million. The bank has exhibited an adequate responsiveness to community development needs. The bank investments support needs identified and discussed in the profile in Appendix C for the Houston PMSA.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Brazoria PMSA and Galveston-Texas City PMSA was not inconsistent with the bank's overall Low Satisfactory performance under the investment test in Texas. Refer to the Table 14 in the state of Texas section of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the service test in Texas was rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Houston PMSA was adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Texas section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Service delivery systems are reasonably accessible to its AA. There are no UPBNA branches or ATMs in low-income geographies. The percentage of branches and ATMs in moderate-income tracts exceeds the percentage of the population living in moderate-income tracts.

There were no openings or closings of offices in the Houston PMSA during the evaluation period.

UPBNA's hours and services offered do not vary in a way that inconveniences the AA.

## **Community Development Services**

UPBNA performance in providing community development services in the Houston PMSA was poor. Officers and staff contributed services to one community group during the review period. Bank financing advice was provided for completing a proposed project targeted to revitalizing the community.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Brazoria PMSA and Galveston-Texas City MSA was not inconsistent with the bank's overall Low Satisfactory performance under the service test in Texas. Refer to Table 15 in the state of Texas section of Appendix D for the facts and data that support these conclusions.